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ECONOMIC AND INDUSTRIAL AFFAIRS

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DEBATE OVER ECONOMIC DECENTRALIZATION CONTINUES

Budapest MAGYAR NEMZET in Hungarian 24 Dec 82 p 7

[Article by Ferenc Kozma: "Socialist Entrepreneurship"]

[Text] If a score were kept of the words and expressions in fashion, during the past year or two "entrepreneurship" would undoubtedly have won first prize. This is both gratifying and somewhat alarming. Gratifying because it indicates the commencement of a radical change in the awareness of the economy's operators: workers, enterprises and economic managing organs. The "plodding along in production," "directive-implementing" and/or "yielding to the pressure of the regulators" style of management is about to relinquish its place to an independently pondering and acting style of management that not only takes and accepts risks and responsibility but also demands them and confidently knows its field. In any event such a style of management is a prerequisite for a turn in the development of the Hungarian economy, one that combines careful, conscientious and well-organized work with technical and marketing innovation; and, as a hybrid of the two, for the birth of an economic structure that is more efficient, able to achieve bigger successes on foreign markets, and capable of generating substantially more income for the nation than at present.

At the same time the popularity of "entrepreneurship" is also alarming. Perhaps again, for the untold time, we are picking up a fashionable slogan whose real meaning we have not yet worked out for ourselves and are attaching naive illusions to it, a slogan for whose realization we have not yet paved the way, neither in the structure of the economy and the mechanism of economic management, nor in our own consciousness. And undigested truths tend to behave like soap bubbles: after a brief, spectacular sparkle, they burst and disappear without a trace. The fate of half-digested truths is even worse: they lead to distorted realities, leaving disillusionment in their wake. But socialist entrepreneurship is a very important and profound truth, an epoch-making command of our history. We cannot allow it to burst like a bubble and disappear, nor to be remembered merely as a grotesque mask of our history. This is a very grave responsibility of today's generation.

1. The most common illusion or misinterpretation associated with the concept of entrepreneurship regards this style of management as the antithesis of the planned economy and believes that the closer our economic policy turns toward entrepreneurship, the farther it turns away from the planned economy. Well, we must admit that plans containing obligatory indicators in a detailed breakdown by sectors and enterprises leave the enterprise little room to explore the effective demand, adjust to it, and bring together the factors of production

accordingly. Specifically in a way that will produce the most economic result at least cost. There are many exceptions, of course, even under the system of management based on planning directives: there always are enterprises able to "suggest" to the planning organs what tasks to give them, and they are also able to obtain the additional resources for these tasks. However, this is usually one-sided adjustment: the national economic processes adjust to the developmental concepts of the leading enterprises. The enterprises that are not in such an advantageous position likewise must adjust one-sidedly: to the targets of the national economic plan. This is a peculiar situation in which the principal tasks and risks of entrepreneurship actually rest with the state, and at most the state shares them with a few preferential enterprises. (Usually only the tasks; mostly the state alone assumes the risks.) The drawbacks of this system start to become perceptible when the economy enters its stage of intensive development. By now the economic structure is too complicated for a single state entrepreneur to have a good grasp of the economy. The specific developmental, production and marketing possibilities on the basis of which economic activity can be conducted efficiently are concealed from the state's rationale of maintaining an overview of the economy; the knowledge how best to combine the factors of enterprise production is not in the possession of the directing center. The "monopoly" of entrepreneurship becomes a burden for the state. This is where economic science and economic policy are confronted with a dilemma: Should the enterprises' entrepreneurship replace the planned economy (which would be equivalent to dismantling the state's active economy-developing function at the national economic level). Or would it be expedient to develop a system under which the state coordinates, at the level of the national economy and of the external economy, the enterprises' entrepreneurial activity and, if necessary, initiates such activity and actively participates in it.

Although the heated debate on this subject is still continuing, the peremptory pressure of practice has already decided it. The socialist state must not "withdraw" from the area of economic development, but it also must not seize for itself the developmental and business initiatives from the enterprises. Instead, a division of labor must be established between the state and the enterprises. Under this division of labor, a given enterprise is responsible for all those initiatives for which it has the necessary and sufficient information. This information is supplemented by national economic information from the state in the process of the preliminary reconciliation of interests. Such additional information is necessary to avoid needless sharp conflicts of interest between enterprises, so that the factors of production may function more effectively. Of course, this improvement of effectiveness cannot be quantified in the case of a single transaction or a single enterprise. Therefore the state's role as coordinator of entrepreneurship--which actually is a special engineering service--cannot be "commercialized." In spite of this, it should be clearly understood that this planning and coordinating function is not the exercise of public authority; the enterprise is not really a subordinate of the planning organ but its partner. Furthermore, if an undertaking initiated by the enterprise or the state requires capital that exceeds the enterprise's self-financing ability--including bank credit available on the basis of normal creditworthiness--the state may participate in the undertaking also financially: with capital or loan guarantees. From this point of view the national economic plan is nothing other than the socialist state's program prepared on the basis of the state's domestic economic strategy, external economic strategy, social policy and other society-level

considerations; a program on the basis of which the socialist state coordinates the enterprises' entrepreneurial activity, initiates such activity or even actively participates in it.

It goes without saying that such entrepreneurship-oriented economic policy of the state is genuine planned economy. The state does not "withdraw" from the economy. Instead it establishes with the enterprise sphere relations that are far more organic and deeper than ever before, but not on the basis of subordination and superiority. (Naturally, there are also hierarchical relationships between the state and the enterprise. As the population's representative, the state is the owner, and it also exercises public authority. However, the relationships must not be confused with the economy-coordinating and entrepreneurial functions!) Naturally, the socialist state participating in the undertakings as a partner also assumes a part of the risk. In the same way as the bank financing the undertaking, the enterprise itself, and the individuals who play meaningful roles in planning, organizing and implementing the undertaking must assume their share of the risk. Our theory and practice are fairly undeveloped regarding the equitable, stimulating and obligatory measures of risk-sharing and the sharing of the profits (or losses), but their development cannot be delayed much longer.

2. It should likewise be clearly understood that the entrepreneurial style of management is not a characteristic or ability peculiar only to small production cooperatives. There is no economic law which states that a small business is agile, flexible and entrepreneurial, while a large enterprise by its very nature is sluggish, inflexible and uneconomical. But there is an objective economic relationship according to which entrepreneurial ability is inversely proportional to the tightness of the administrative restrictions, and directly proportional to the amount of the enterprise's liquid assets (in monetary resources over which the enterprise has control) determined by the enterprise's technical and marketing conditions.

The second part of this relationship is very important and it has not been fully appreciated so far. On a national average, the enterprises' liquid assets are only 7 to 12 percent. Which means that the financial resources relatively available for the enterprises to spend--over and above their assets tied down as fixed capital, in inventories and for wages--is only 7 to 12 percent. The dispersion by sectors and enterprises is minimal. This relatively modest amount of liquid assets is sufficient for adjustment to changes in demand in the case of small and medium enterprises that are not highly mechanized, have a rapid inventory turnover and supply the local market, or at most the domestic market. (The administrative restrictions on them also are lighter, but not by as much as is generally believed!) However, for the large enterprises that employ thousands of workers, hold fixed capital valued at several billion forints, have a long production cycle, and operate to a lesser extent on the domestic market and mostly on the world market under ruthless competition (where they must compete with giant corporations whose liquid assets are 40 to 60 percent of their total assets), this modest liquidity practically means that they are immobilized. At the same time, their finances are more restricted and more directly controllable.

Thus the primary cause why a proportion of the large socialist enterprises have been unable to score high marks in their undertakings lies not in their size, but in the fact that their low level of liquid assets and the administrative restrictions on them rule out in advance the agility that their technology and

the size of their market require. It may be regarded only as a secondary symptom that their organization and management have become accustomed over decades to this situation, i.e., they have stopped being entrepreneurial. Thus there are three conditions for our socialist large enterprises to become large entrepreneurs: relaxation of the administrative restrictions, making their financing more dynamic, and development of the entrepreneurial style in their management, internal structure and system of incentives.

I wish to emphasize that the ideal environment in which these changes can take place and become fruitful includes also the development of medium and small enterprises. If for no other reason, then to spare the large enterprises of activities that are more effective in a decentralized enterprise framework. In other words, the small and the large enterprises are not mutually exclusive, either-or categories. They are different organs of the national economy's living organism, organs that are mutually interdependent, at least in an economy that does not wish to live in nostalgia for the middle of the 19th century but is preparing to meet the requirements of the 21st century. However, one thing is certain: enterprises of different size can function together smoothly only if entrepreneurship becomes the hallmark of the huge enterprises' style of management, in the same way as of the smaller enterprises.

3. We could go on listing the economic, organizational, planning, legal and other questions of socialist entrepreneurship that await solution or are in the process of being solved. But the two mentioned problems are of fundamental importance because they concern and attempt to explain the least clear and most misunderstood aspects, hopefully as a modest contribution to their clarification. Entrepreneurship-oriented state management and enterprise management require an adequate system of economic organization and regulation that is to be developed gradually (within not too much time): it is necessary to change the style of planning, as well as financing, taxation and pricing; the internal organization and division of labor within the managing apparatus, as well as the enterprises' internal organization and mechanism. We must think through, crystallize and gradually implement all this in a systems approach. Gradually because major changes in economic management unavoidably cause temporary difficulties, major or minor functional disturbances: the disturbances associated with adjustment and changeover.

In the case of "seven fat years" it is possible to prepare for such disturbances in advance, and any irregularities that nevertheless arise can be tolerated as we go along. But now we are in the midst of "seven lean years": we are unable to form reserves that could reduce the disturbances of a changeover, nor are we able to endure the conflicts that accompany a changeover. In such a situation another reform of economic management can be accomplished only as a "creeping reform," which of course has its own difficulties: the existing mechanisms and institutions must be replaced gradually with new or significantly modified ones, in such a way that the new elements do not paralyze the functioning of the entire system of management. This requires a high level of professional knowledge and, if there is any room for comparison, even greater political perspicuity and commitment of the specialists participating in this work. This again is a part of our generation's historical responsibility.

NEW ENTERPRISE MANAGEMENT SYSTEM DESCRIBED

Budapest NEPSZABADSAG in Hungarian 31 Dec 82 p 3

[Article by Istvan Oroszi: "Decision, Risk, Responsibility"]

[Text] Recently the financial stability of one of our well-known industrial enterprises worsened considerably; its economic situation reached an all-time low. It is ironical that this happened exactly when the enterprise, on the basis of its results in recent years, was awarded the challenge banner for which the best enterprises qualify. The collective celebrated the award, but beneath the surface there was considerable tension. Many of them did not agree with the award, because it confirmed the misconception that everything was going well at the enterprise. For by then it was practically an open secret that, due to the heavy financial burden of the latest investments and to declining profits, there would not be enough money in the coming years for the wage increases planned earlier, for the by now customary profit-sharing, and for the most essential modernization projects, not even if efficiency improves.

Naturally, entrepreneurship always involves risk. The cyclic fluctuations on the world market--for example, the recent substantial and unexpected decline of the prices of aluminum industry products, metallurgical products and PVC--are causing serious problems not only for us, but for many capital-rich Western companies, many of which have already been driven into bankruptcy. However, at the enterprise mentioned in the introduction--its name is being withheld intentionally--the trouble was caused by practically unforeseeable circumstances of a different kind. In the final analysis the trouble was that the organizational and personnel conditions, and the decision-making methods necessary for the greater security of entrepreneurship were not in place. The intolerable situation, which split also the unity of management, became apparent only when the mountains of debt due to the investments, which proved to be overambitious, were practically burying the enterprise, and it became necessary to replace its director.

Taking into consideration also this edifying example and many similar ones, the Council of Ministers at its late November session adopted a resolution for perfecting the system of enterprise management. A particularly interesting part of this resolution is a basically new form of decision making. It calls for the establishment of management committees that also have decision-making authority.

For and Against

The new management committee that will be set up at several enterprises in 1983 decides by majority vote on questions of strategy that determine the long-range development of the enterprise. It provides a forum for the open confrontation

of the interests and technical and economic concepts of the enterprise's factories and factory units, and for debating initiatives and new ideas for the better substantiation of decisions.

This particular method of management and collective decision-making has already been developed, for example, at the National Petroleum and Gas Industry Trust (OKGT) even before the recent resolution of the Council of Ministers, on the basis of the Enterprise Law. An eleven-member enterprise management committee, vested with authority to make decisions, began to function nearly a year ago also at MEDICOR [Medical X-Ray Equipment Enterprise], perhaps as the first such committee in industry. The experience of these two management committees can be edifying for other enterprises as well.

The directors of the trust's enterprises are full-fledged members of the OKGT management committee. Already in the first period of its operation, this committee was confronted with a great dilemma. Due to the strict energy conservation measures, the committee had to cut by several million tons the allocations of crude oil to the refineries. The director general was unwilling to peremptorily decide this complicated problem himself since it affected the interests of the individual enterprises very sensitively, and he doubted that the by-laws gave him the authority to do so. The management committee successfully passed its first difficult test. After extensive debate in which the advantages and drawbacks of the presented proposals were carefully considered, the management committee decided to allocate more from the smaller total available volume of crude to those refineries where the output of the more valuable and profitable fractions could be increased, and less to the refineries where this was less feasible.

To reinforce individual and collective responsibility, the by-laws of both the MEDICOR and the OKG specify--and similar provisions are contained also in the recent resolution of the Council of Ministers--that the protocol summarizing the results of a debate within the management committee must list by name the committee members who voted for a proposal, and the ones who voted against, indicating the reasons for their separate standpoints. If the votes are tied, the standpoint for which the director voted must be regarded as the majority standpoint. (Besides the director and his deputies, the other voting members of the committee are experts--for example, research and development specialists and the blue-collar workers representing the labor movement. The representatives of the enterprise's party and trade-union organs and of the KISZ organization have a voice but no vote.)

This new, collective method of decision-making does not reduce but underscores more emphatically the director's personal responsibility for the implementation of the collective decisions of a strategic nature, for the successful operation of the enterprise, and for the decisions that he can make within his own competence.

If the Director Is Voted Down

All nice and fine, one might say, but what happens if the management committee rejects the proposals that set higher requirements for effectiveness and favors a plan or alternative that demands less effort of the factory units and can be fulfilled more easily? In other words, if narrow-mindedly interpreted group interests begin to prevail over the interests of the enterprise as a

whole, and the director finds himself in a minority when the votes are counted. This concern stems, among other things, from the fact that the managers of the factory units could be in a majority in the management committee.

Such a decision was possible even up to now, in cases when the director too yielded to such efforts. But actually the responsibility for such a decision was his alone. Now that the members of the management committee are individually and collectively responsible for strategic decisions, the likelihood is much greater--except in extreme cases--that sound decisions will be made with due consideration for partial interests, but asserting the interests of the enterprise as a whole and of society.

The experience to date with the work of a good many management committees seems to indicate that they tend to adjust to the opinions of superiors, to concur, and to lack a critical attitude. We can alter this and avoid the constant threat of formalism if the members of the management committee are professionally qualified, skilled in debate, and willing to risk differing opinions. And if the director who guides the work of the management committee is able to accept views differing from his own, and who forms his own final standpoint after evaluating and considering each individual's own specific approach to the problems and his mode of solution.

Could the director find himself in a minority on some issue before the new management committee? This could happen, and it will not detract from his authority or prestige. But if his standpoint consistently fails to prevail in the debate and voting, then there is something basically wrong. Either the director or the committee is not qualified, or the preparation of the decision is inadequate. So far as the personnel aspects are concerned, the necessary conclusions will have to be drawn sooner or later.

In complicated and difficult situations there generally are no completely unambiguous, obvious and risk-free solutions. And who votes how on what issue before the management committee depends to a large extent on the arguments, debating skills and persuasion of the supporters of one or another standpoint. Noteworthy therefore is the following experience of the director of the Budapest Chemical Works: "When I see that I have not been able to convince the management committee about the soundness of the standpoint that I support and regard as the better one, I usually defer a vote if this is possible, to allow time to rethink the matter, to consider anew the views and facts, so that a consensus might be formed."

Obviously, meaningful debate can develop only if the presented plan indicates the extent of the foreseeable result and risk, and if it offers options for the enterprise's behavior that depends on the favorable or unfavorable development of the external conditions. It is worth studying from this point of view the methods employed at the aforementioned Budapest Chemical Works. Here "open" plans of this type and developmental concepts involving high risk are elaborated by work groups consisting of technical and economic experts. This permits already in the course of elaboration the confrontation of different views and interests, and the comprehensive substantiation of the decisions. And when the material is submitted to the management committee for debate, one of the best experts on the given question is designated to critically evaluate

the proposal, illuminating its strong points and weaknesses, so as to facilitate debate and the adoption of a standpoint. All this unambiguously underscores the director's great responsibility for the careful preparation of the decisions, and for the accurate and lucid formulation of the proposals submitted for debate and voting.

Another condition of key importance for the proper functioning of the management committee is the modernization of the system of management incentives within the enterprise. The lag in this respect is generally very great, and this is one of the reasons, among others, why many enterprises are unable to cope with the serious problems of economic activity. In the present situation it is the more urgent that the head of every organizational unit within the enterprise have suitable authority, rights and resources for independent initiative. He must know and fully appreciate the external pressure on the enterprise and the economy, and he must be able to identify with the plans and efforts that serve to preserve the enterprise, to make it more competitive, and also to enhance the workers' individual prosperity. Thus it is necessary to form an atmosphere in which the management committee, in its entire work and individual decisions, is able to rely on the experience of the enterprise's collective, on its proposals to revive production and improve management.

Simultaneously with issuing guidelines for modernizing the institution of the management committee, the resolution of the Council of Ministers also calls for establishing enterprise boards of supervision that are vested with the right to report on matters referred to their attention, and it is hoped that they will function more effectively than in the past. It also favors wider use of the system of selecting enterprise directors through competition, which promises to be better than the present system. Enterprise directors are to be appointed for definite periods, which provides an opportunity to renew a director's "license" and to recall him if he proves unsuitable. (A further change of fundamental importance is that the ministry will no longer appoint the deputy directors. The enterprise director will have authority to make such appointments in the future.)

The authority of the boards of supervision will be broader in two respects. On the one hand, they will take over from the supervising organs the tasks of comprehensive supervision. And on the basis of the knowledge gained by exercising comprehensive supervision, on the other hand, they will have the right to express their opinion and present proposals on matters that basically influence their enterprises' future economic activity. In this way the enterprise decisions and the tasks of organizing implementation will be under the two-pronged control of the management committee and of the board of supervision.

This creates a new situation also in the activity of the plant's democratic forums. In deciding matters for which the concurrence of the committee of shop stewards is necessary, for example, henceforth the partner of the committee of shop stewards will be the management committee. There is not enough practical experience as yet to determine how the work of the management committee and of the democratic forums should be coordinated in this case and in similar cases. The essential thing is to avoid postponing important decisions and increasing the number of unnecessary meetings. In the course of elaborating the detailed instructions for implementation it will also be necessary to clarify how to define more accurately in practice the line between the management committee's

decision-making authority and its right to present reports and proposals; and when and how the director's individual responsibility can be asserted for strategic and essentially operational decisions and their implementation.

Forced to Improve

The government's present measures--together with the resolutions on developing further the system of economic management, increasing enterprise independence and incentives and perfecting the system of regulation, and with the future measures related to these matters--can help to develop a more effective system of decision-making, responsibility and risk than up to now. This in its turn is an important condition for encouraging entrepreneurial skills, for supporting decisive directors who also enjoy the workers' respect, and for the realization of initiatives to improve management and to establish order and discipline, which also public opinion has frequently urged.

However, only practice can decide whether the new management committees and boards of supervision will realize the expectations attached to them. The testing, perfection and wider application of the new methods of decision-making and management can take place only through the continuous confrontation of theory and practice. But as also the recent session of the National Assembly emphasized, we are living at a time when the enterprises must do everything possible, including the perfection of democratic management methods that reinforce individual responsibility, to be able to adjust more flexibly to the more difficult external and domestic conditions, and to better aid through their more efficient operation the improvement of economic equilibrium, and the consolidation and preservation of the achieved results.

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HUNGARY

CHANGES IN HOUSING REGULATIONS EXPLAINED

Budapest NEPSZABADSAG in Hungarian 12, 13, 14, 15, 16, 19, 20 Oct 82

[12 Oct 82 p 8]

[Article by Kornelia Dolecsko: "Social Rental Apartments and Housing Needs"]

[Text] /The modification and new rules affecting the housing codes were published in the 7 October issue of the Hungarian Gazette. In the next few days, we will systematically acquaint you with the most important particulars. Laszlo Soltesz, director of the Department of Housing and Communal Affairs of the EVM [?] explained that the purpose of the new regulations are primarily the creation of more equal opportunities for families with divergent social and income situations to gain access to apartments. The supplementation of the laws concerning housing distribution and the renting of apartments primarily furthers the more sensible management of new and vacated apartments, creates increased incentive for the exchange of apartments, increases the rights of the councils to dispose of rental apartments and furthers the better utilization of the housing fund./

/Municipal rental apartments/--/or by their new name, social rental apartments/--can be received on the basis of a housing application for an apartment by those who because of their income, asset and social situation are unable to satisfy their housing needs by another form of housing. Young couples can receive municipal rental apartments as a first apartment independent of their income, assets and social situation; further, in limited numbers, those can also receive them who, although not entitled to municipal rental apartments on the basis of their income-asset situation, agree to pay as rent at least triple the apartment usage fee, as well as a higher than average apartment tax--at most its double. This form of housing is called /non-social municipal rental apartment/.

Those who are entitled as a result of their income, asset and social situation to municipal housing--taking into consideration the local housing situation--will be selected through the decision of the council of the city (capital, cities of county rank) or the village.

Submitting the Housing Application

The applicant may submit this housing application to the proper housing authority as determined by his permanent address and workplace. In the capital city, the housing application may only be registered if the applicant verifies that his permanent address or place of employment has been in Budapest for at least 5 years. The regulations regarding the capital city are not applicable to other cities. However, as a factor in the determination of sequencing, the ruling of the local council may prescribe a fixed length of time for local residence or permanent employment in the interest of stemming excessive influx into the cities.

The housing authority may not deny or remove the registration of the housing application of young married couples if they are temporarily living on premises outside the jurisdiction of the housing authority (i.e., in the vacation cottage of their parents) to satisfy their housing needs.

The councils may only allocate rental apartments of sizes which do not exceed the extent of housing required. The lower or upper limits of the extent of housing requirements--depending on the number of cohabiting individuals--are the following: 1 to 2 rooms for up to 2 persons; 1.5 to 2.5 rooms for 3 persons; 2 to 3 rooms for 4 persons; 2.5 to 3.5 rooms for 5 persons; 3 to 4 rooms for 6 persons; 3.5 to 4.5 rooms for 7 persons; and 4 to 5 rooms for 8 persons.

In the course of judging the application for municipal housing and applying the extent of housing requirements, a person outside of the family members may be considered to be cohabiting with the tenant if they have been living together continuously for at least 1 year prior to the allocation of the apartment and if they will move into the new apartment together. In the course of determining the number of cohabiting persons with regard to young married couples, two future children may also be taken into consideration if the young married couple builds onto the municipal housing by adding on a story, remodeling the attic space, adding on an extension, structural division, remodeling a space which was not meant to serve as an apartment or in some other way; or further, if the young married couple assumes the payment of the rent in the event of the death of the tenant.

The Application Deposit

The new regulation makes the introduction of an /application deposit/ possible. The deposit also serves as an advance savings which together with the interest must be applied toward the payment of the apartment usage fee or the first installment payment. If the housing application is withdrawn, the amount placed on deposit along with its interest is refunded. The ruling of the local council determines whether an application deposit must be paid and if so, how much this amount is. The application deposit may vary in amount depending on the applicant's income, assets and social situation and on the nature of the requisitioned apartment, the number of its rooms and the extent of its facilities. The deposit will be handled by the National Savings Bank on an account opened for this purpose and will yield 2 percent interest if it is withdrawn

within 1 year and 5 percent interest yearly if withdrawn thereafter. Closing the deposit account or using the sum in the account for other purposes may only be done following the withdrawal of the housing application from the register of the council.

The /housing applications/ effective until 31 December of this year must be renewed between 1 January and 30 June. The councils will determine the method of renewal.

Determination of Eligibility

The size of the family, the number of children and dependents and the income and assets are fundamental to the examination of the income, assets and social situation of the family.

In the future, the assets of the applicant will play a greater role in assessing eligibility for specific types of housing, such as social rental apartments, non-social rental apartments, municipally sold cooperatives as well as municipally distributed National Savings Bank condominiums. According to central directives determining the regulations of the council, the aim is to prevent those from gaining social rental apartments who own residential or vacation property which may be further built on, holiday cottages which are already constructed or other real estate of significant value, which if sold, and with the assistance of state loans and the employer, may enable the owner to develop it or buy his own apartment. Consideration of a privately owned car is a much disputed question in determining the assets. With regard to this, the principle to be followed is that although a private car is not considered as a justifiable reason for exclusion, it is definitely taken into account as a factor in determining the position on the waiting list.

[13 Oct 82 p 8]

[Article by Kornelia Dolecsko: "Apartment Usage Fee and Rent"]

[Text] The 1971 regulations regarding the apartment usage fee were also modified. In general, the base rate of the apartment usage fee must be paid if the person who receives the apartment is entitled to municipal housing or obtains it by way of continuing the legal relationship of rent payment. Double the amount of the established usage fee for the apartment must be paid if a person who is not entitled to municipal housing but who has continuously lived together with the tenant in municipal housing for at least 1 year but no more than 5 years, continues the legal relationship of rent payment; and further, if the housing authority assigns it in good faith to a set back unqualified person who is otherwise entitled to municipal housing. Triple the amount of the usage fee must be paid when the legal relationship of rent payment is conducted by a person who is not entitled to municipal housing, who did not continuously live together with the tenant or did so for less than 1 year in municipal housing; and further, if the housing authority allocates the municipal apartment in good faith to a set back person who is otherwise not entitled to it. The usage fee is also triple the amount if the municipal apartment is allocated by the housing authority from the pool of housing serving the solution of central tasks to a person not entitled to it.

How Is It Determined?

A new feature of the regulations is that the usage fee is determined not only according to the number of rooms in the apartment, the extent of its facilities and its geographical location, but the floorspace of the apartment is also taken into consideration. If the actual floorspace of the apartment deviates at least 5 percent--either more or less--from the /average/ floorspace determined in the earlier regulations, the amount of the usage fee--the base rate--may decrease or increase by 1 percent for each square meter of deviation. For example, the average floorspace of a two-room apartment according to the regulations is 53 square meters. The base rate of the apartment usage fee for a two-room apartment with all facilities in the capital city and in the cities with county rank is 56,000 forints, in cities and certain villages it is 48,000 and in villages it is 40,000. This amount may be increased or decreased in the above-mentioned ways.

However, the extent of the decrease or increase with apartments having all or some amenities may not exceed 20 percent of the base rate; with semi-appointed apartments or those without amenities, it may not exceed 15 percent of the base rate. In determining the apartment usage fee, just as with the rents, the extent of the increase or decrease must be determined on the basis of the application of various factors, i.e., surrounding greenery, location within the building, structural conditions, etc.

Effective 1 July 1983

The new rents become effective 1 July 1983. In the first year, the state will subsidize them by 70 percent; however, in the following years, the amount of the subsidy will decrease. The full rent must be paid beginning 1 July 1988.

The extent of the facilities as well as the floorspace of the apartment must be taken into consideration when calculating the rent. The rent for apartments with all facilities is 15 forints per square meter, 12 forints for apartments with some facilities, 7.50 forints for semi-appointed apartments and 4.50 forints for apartments without facilities. The rent on temporary state apartments cannot be increased. The monthly rent for temporary housing rented after 1 July 1983 may be set at 2.40 forints per square meter.

The total area of the apartment--thus, its entire space--must be taken into consideration when determining the floorspace of the apartment. Half the area of the loggia and closed terrace are added to the above. In the new regulation, the rule that for housing built before 1 January 1971 the upper limit of the determined floorspace must be applied toward establishing the rent remains unchanged. These are as follows: 50 square meters for a one-room apartment, 65 for a one and one-half room apartment, 80 for a two-room apartment, 90 for a two and one-half room apartment, 100 for a three-room apartment, 110 for a three and one-half room apartment and 120 for a four-room apartment. The upper limit of the floorspace may be increased by 20 square meters per room in apartments with more than 4 rooms. If the actual floorspace of an apartment in this category exceeds the mentioned upper limit, no rent must be paid for the excess of floorspace.

For those non-social municipal rental apartments which are allocated after 1 January of next year, the total floorspace of the apartment must be taken into consideration when establishing the rent independent of the upper limit floorspace.

Decrease and Increase

The amount of the monthly rent may be increased or decreased on the basis of factors influencing the practical value of the apartment. Increasing factors not exceeding 25 percent depend on its location within the complex, e.g. the center of the city or surrounding greenery. Antiquated housing blocks and dangerous noise levels decrease rents. A new regulation provides that the monthly rent of a one- or two-room apartment in a residential building having a yard or garden of at least 150 square meters may be raised by no more than 20 percent. The rent may be decreased by at most 50 percent if the structural condition of the apartment is particularly unfavorable. The tenant may request the waiving or reduction of the rent during the time the renter does not fulfill maintenance, renovation or replacement responsibilities despite formal notice, and as a result, part or all of the apartment is not legally habitable for 30 days or more.

The new regulations pertain to privately owned rental apartments as well. In the so-called rent-controlled apartments, the renter may set the new rent according to those of the state apartments; the payment of the new rent will become effective gradually. The total rent must be paid beginning July 1988. In the case of apartments where the rent is unfixed, the previous rent may be raised in accordance with the new rent tax if it is lower; however, it remains unchanged during the continuation of the legal relationship of rent payment if its amount is higher than the rent calculated according to the new rent tax. In the case of rentals occurring after 1 July 1983, the independent /agreement/ of the renter and the tenant determines the rent of apartments owned by citizens. However, the monthly rent cannot exceed double the rent calculated on the basis of the new taxes.

[14 Oct 82 p 9]

[Article by Laszlo Karcagi: "Counterbalancing the Rent Increases"]

[Text] From 1 July 1983 rents will be raised by an average of 130 percent in the interest of decreasing the extent of state subsidies.

To counterbalance the rent increase, the state will temporarily provide subsidies until /30 June 1988/. This concerns the renter or the user in good faith without entitlement of every affected apartment with the exception of privately owned and non-social apartments if the size of the apartment--at least two rooms--does not exceed the upper limit of legitimate need. Thus, for example, those who rent a four or more room apartment alone or with one other person cannot receive state aid.

The Subsidy Until 1988

The subsidy will comprise a yearly decreasing fraction of the difference between the previous and new rents. In the first year, the state will subsidize /70 percent/ of the difference. Between 1 July 1984 and 30 June 1988, the subsidy will decrease yearly by the same proportion. That is, the amount of the state subsidy determined in the first year will be reduced by 20 percent in each of the following years.

If, for example, the present rent of a 50 square meter apartment equipped with all facilities is 300 forints, it will increase to 690 forints. Beginning in the second half of the next year, the state subsidy is 70 percent of the difference, i.e., 273 forints. Thus, the sum to be paid as rent will be 417 forints next year, 471.60 forints 1 year later, 526.20 forints in 1985, 580.80 forints in 1986, 635.40 forints in 1987 and 690 forints after 1 July 1988.

The subsidy always pertains to the renter of a given apartment. In the case of rental agreements signed between 1 July 1983 and 30 June 1988 (i.e., for the allocation or for the exchange of an apartment), state subsidy is determined in proportion to the time period.

Assistance to Large Families

Those large families receiving family allowances or orphan support for three or more children will uniformly receive /150 forints/ of aid /monthly/. Only one co-tenant per apartment may receive this amount on only one basis. The assistance also pertains to those who obtain housing only after the regulation takes effect or whose third child is born after this.

Incidentally, if the rental is terminated the assistance is extended during the time payments are received for family assistance toward three or more children. Social aid must be requested from the agency which extends family assistance or orphan support by the submission of the application form.

Benefits for the Retired

The retired and those entitled to regular social support also receive aid to offset the rent increases if the tenant's pension is not more than 5,000 forints per month or if the combined pension of the co-tenants does not exceed 5,000 forints per individual. (If one of the co-tenants is still working, the sum of the pension and income must be taken into consideration). In the calculation, only the amount of pension-type support is considered, not income from other sources.

In contrast to the situation of large families, it is not possible to receive social assistance if retirement occurs after 1 July 1983 or if the pensioner obtains housing after this date.

The regulation governing the extent of the assistance also diverges from that concerning large families in that the pensioner may receive social assistance /up to the extent of the rent increase in 1983/ not exceeding 150 forints.

The assistance is received by the pensioner for the remainder of his life. /He receives it even if he moves from the apartment in which he lived at the time the assistance was established/. If during the course of time he were to lose his entitlement to a pension because, for example, he began to work again, he would not receive assistance during this time, but only if he is again granted a pension.

In the event of the death of a tenant receiving social assistance, the sum continues to be paid to his spouse or co-tenant.

Social assistance for the pensioner may be requested through an /application form/. The completed form certified by the renter must be sent to the Pension Office by 15 April 1983.

The state strives to provide for those who retire or pensioners who become tenants after the housing regulations take effect, since they are not eligible for social assistance. Social assistance may be granted to them in special cases. This amount cannot exceed 150 forints. Those whose pension is not more than the minimum amount provide for in the regulations, whose apartments are not larger than the lower limit of legitimate need, and who live in such a financial and social situation that the payment of rent would endanger their subsistence may petition for social assistance.

Tenants with large families receive the social assistance along with family support, and pensioners receive the social assistance along with their pensions.

[15 Oct 82 p 8]

[Article by Kornelia Dolecsko: "The Purchase and Exchange of Apartments"]

[Text] The regulations concerning the exchange of apartments between citizens remain unchanged. However, the rules relating to apartment exchanges occurring /through the local council/ have been changed. In the future, a tenant of a municipal rental apartment may request from the housing authorities that in return for giving up his existing apartment, he receive a smaller or identical number of rooms, less or more facilities or in the interest of quality, an apartment with more rooms.

Large Sum Reimbursements

The following are the financial terms for apartment exchanges arranged through the local council: during the course of allocating a municipal rental apartment, the appropriately determined amount of the apartment usage fee for the previous apartment of the tenant must be calculated into the amount of the apartment usage fee. If the tenant requests a rental apartment which is smaller by at least one room in place of his previous municipal rental apartment, /double/ the usage fee established for the apartment transferred to him must be refunded; if he requests a municipal rental apartment that is smaller by at least two rooms, triple the usage fee established for the apartment transferred to him must be refunded. Reimbursements must be paid in accordance

with the foregoing even if the tenant simultaneously puts more than one municipal rental apartment at the disposal of the housing authorities in exchange for a smaller number of rental apartments. The aim of these regulations is to encourage the exchange of large apartments for smaller ones by offering larger refunds than previously and thus, to be able to satisfy the needs of families with several children more quickly with the vacated apartments.

There is no change in the regulation according to which if the tenant surrenders his existing apartment without requesting another state apartment, he receives a refund triple the amount established as the usage fee of the apartment.

The new regulations also allow the residents of the capital city who /permanently/ surrender their larger than two-room apartments without requiring another state apartment to receive 4 times the usage fee for the transferred apartment. It is also a new and favorable regulation that if someone undertakes to build or buy an apartment and thereby surrenders municipal housing he may, in the case of building, remain in the rental apartment another 3 years in lieu of paying rent, and another 1 year in the case of purchasing. In this case, the council will pay the appropriate reimbursement fee to the tenant or transfer it to the National Savings Bank within 15 days following the acceptance of the surrender.

The Real Estate Agent

Financial motivation is also accomplished in the sense that whoever in the course of a quality exchange of his municipal rental apartment trades it for an apartment sold by the local council which according to the new regulation is state subsidized or a cooperative in present-day terminology, he receives double the usage fee of the previous apartment; if he receives an apartment sold by the local council which /is not/ subsidized by the state, he receives triple the usage fee of the previous apartment. In cases where a tenant is no longer eligible for municipal housing as a result of his income and asset situation and he requests or receives instead of his existing municipal rental apartment an apartment which has an identical number of rooms but has more facilities or is of a higher quality, he must pay triple the usage fee but the usage fee of the previous apartment is calculated into this.

In the future, there will also be a way to obtain municipal housing for those who possess residential property and are otherwise not eligible for the allocation of municipal housing, but because of the growth in the size of the family, they need housing from the local council, by selling their apartment or house in rentable condition to the real estate agency. In these cases, a sum amounting to 3 to 5 times the usage fee must be paid to the local council for the allocated rental apartment--depending on its quality and location or, at least, an appropriate amount of its sale price if it does not amount to the sum payable for the municipal apartment.

The jurisdiction of real estate agencies is expanding in the administration and management of apartment exchanges: in the future they may participate as exchange partners with citizens in apartment exchanges. Further, the new regulations make it possible for the tenant to also terminate the legal relationship of rent payment for the municipal rental apartment in favor of the municipal real estate agency.

If the tenant gives up the municipal rental apartment in favor of the real estate agency and does not request another state apartment or does not receive one, he may receive a sum amounting to 3 to 5 times the usage fee established for the apartment as reimbursement on the basis of an independent agreement with the realtor.

The Purchase of State Apartments

The new regulations make possible the sale of government housing property to private individuals. It is possible to sell buildings with an apartment or residential or multi-purpose buildings which contain more than one apartment if these were previously transformed into owner-occupied apartments by the managing state agency.

The apartments in this sort of building which is under exclusive state ownership may only be transferred if requested by at least two-thirds of the tenants.

The tenants may also initiate the sale of houses. If at least 75 percent of the tenants of the apartments in the building request this, the agency authorized to make the appointment may deny the transfer in only extraordinary cases. The residents are primarily entitled to purchase this type of building. If they do not exercise their right of purchase or pre-emption, the agency entrusted with the sale is obligated to publicly advertise the sale of the earmarked housing property. Further questions in connection with the sale of state housing property will be regulated in detail by the rulings of the local councils.

However, the financial conditions for sales are generally in effect. Private individuals may purchase these properties by taking local market values into account in establishing their prices. If the resident tenant purchases the house or apartment, the purchase price is 30 percent of the total local market value, or 50 percent for a one-apartment property. The tenants may pay the remainder of the purchase price over 25 years at 3 percent yearly interest. In the case of installment payments, 10 percent of the purchase price must be paid at the time the agreement is made. If the buyer pays more than this, he is entitled to a 25 percent price reduction. The monthly installment payment of the purchase price including the interest due cannot be less than the monthly rent of the rental property in the purchased housing property effective at the time of the closing.

[16 Oct 82 p 21]

[Article by Kornelia Dolecsko: "What is Paid by the Tenant and What is Reimbursed by the IKV?"]

[Text] The regulation concerning the completion of work relating to the renovation and replacement of furnishings or the method of bearing and paying the costs as well as that of calculating the rent for rental apartments were modified.

When Is It 50 and When Is It 100 Percent?

If the legal relationship of rent payment is for an indefinite time period, the renter (IKV) [?] and the tenant are each burdened with 50 percent of the costs relating to the renovations and replacement of apartment furnishings in the case of a legal renting situation in existence on 1 July 1983.

The full amount of these costs fall on the tenant in new apartments allocated after 1 July 1983 or in apartments renovated after this as well as, within the framework of a legal relationship of rent payment existing on 1 July 1983 or established following this with vacated apartments, if the renter renovated or replaced the apartment furnishings after 1 July 1983 and newer renovations or replacements became necessary after this.

If the tenant of a state apartment renovated or modernized the apartment--including apartment furnishings--with the prior consent of the renter, the costs of later renovations and replacements will fall in equal proportions on the renter and the tenant according to existing regulations.

In the interest of more accurate comprehension, we will acquaint you with what, in general, are considered apartment furnishings. These are kitchen appliances (stove, hot plate, etc), heating equipment (radiator, convector, heat-accumulating stove, etc.), hot water supply equipment (gas water heater, electric water heater, bath water heater), sanitary facilities (wall fountain, sinks, bathtub, shower, toilet tank and bowl, etc.), ventilators (exhausts), built-in furniture (closets and kitchen cabinets, etc.) roll-up shutter, linen venetian blinds, shades, and bell and intercom equipment within the apartment.

The cost of the renovation or replacement of the furnishings do not fall on the tenant if the renovation or replacement was done during the course of the renovation of the building or electrical system, or because of the negligence of the renter or a natural disaster, or if the tenant pays a usage fee for the apartment furnishings. If, however, the renovation or replacement of these becomes necessary because of neglect or use against regulations by the tenant, the tenant assumes the total cost.

Reimbursement of Expenses

According to regulations, the renter is responsible for the maintenance of the apartment in a condition suitable for habitation and the rectification of faults detected at the time the apartment is rented. If the renter does not

fulfill this responsibility within the time limit or in response to written notice, the tenant may have the work done instead of him, at his expense. If the tenant carried out work requiring immediate attention without which the apartment was not legally habitable instead of the renter, or if he took care of the faults and defects detected at the time the apartment was rented, the renter is obligated to reimburse the tenant in one lump sum.

The reimbursement of expenses by the right of deducting them from the rent in state apartments is per the following: the tenant includes his total cost if during the course of the renovation or modernization of the apartment he increased its floorspace, facilities or the number of rooms, or if he carried out work falling upon the renter for which it is not possible to request reimbursement in one lump sum. But even in this case, the renter is obligated to repay 50 percent of the expenses which may be requested in one lump sum, and the remainder in the beginning of the year in installments appropriate to the yearly rent of the apartment, within at most 10 years.

If the tenant installs an individual gas or electric heater or hot water supplier into a state apartment which does not have central heating or a hot water supply, he receives 25 percent of the total cost in one lump sum and the outstanding sum in the beginning of the year in installments appropriate to the yearly rent within a maximum of 5 years.

Rent Rebates

The tenant may deduct the total expenses from the rent if--with the prior consent of the renter--he established a state apartment by adding on a story, remodeling attic space, creating a structural division or in some other way; if the tenant installed an individual gas or electric water heater, half the expenses may be deducted from the rent in such a way that he realizes his right to a rent rebate in installments corresponding to 100 percent of the monthly rent so that the expenses are repaid within at most 25 years. Simply said, the tenant does not pay rent during this time. It is also another favorable regulation that the renter is obligated to reimburse the total amount of the expenses of the tenant if this sum does not exceed 5,000 forints, if otherwise the tenant would be entitled to the allocation of a municipal rental apartment as a result of his income, assets and social situation, if the legal relationship of rent payment is in any way terminated or if one of the co-tenants is 70 years of age or older.

These regulations must also be applied with respect to the right of rent rebates existing on 1 July 1983.

As a supplementary regulation, the new rule also establishes that if the apartment is allocated prior to the completion of the municipal construction work and this cost exceeds the usage fee that may be established for the apartment, the tenant has a right to a rent rebate for half the amount of the apartment usage fee. In this case also, the right of rent rebates must be actualized in installments corresponding 100 percent of the monthly rent, i.e., no rent must be paid until the building costs are reimbursed.

[19 Oct 82 p 8]

[Article by Katalin Bossanyi: "The Construction of Private Houses and the Purchase of Real Estate"]

[Text] The economic conditions of the regulation concerning joint and group construction of residential housing from private resources remains essentially unchanged from 1 January 1983. The modification of the law yielded word formulation in a unified structure and conceptual clarity. The law encompasses the construction of modern group family houses, attached houses, row houses, atrium houses and residential houses of at most two stories, by private initiative or National Savings Bank investments. It includes conditions for the formation of building collectives, actually the organization of larger scale construction, the opportunities for technical design, construction, technical supervision as well as the aid of builders.

Attic Space Remodeling

However, the possibilities for attic remodeling and adding on a story have changed. To date, the local councils could only grant permission to the private individual for the addition of only two apartments over a building; now this must be interpreted per building section. The local councils are obligated to have the necessary work done during the course of renovation in buildings suitable for the addition of another story or attic remodeling. The authors of the regulation also urge the propagation of the "semi-finished" method in this type of construction. This means that the assigned tenant may assume the completion of the professional industrial work; however, in return, if the usage fee is greater, it does not have to be paid or there is an opportunity for a rent rebate for the extra expense. A new regulation provides that the expenses of the tenant must be repaid within 25 years through rent rebate. The financial conditions were also eased for the remodeling of an attic space. Previously it was possible to obtain 150,000 forints on credit, and now this may be supplemented with a 50,000 forint bank loans. But while with the former, the interest was 3 percent and the amortization period was 25 years, the interest of the latter has been raised to 6 percent and must be repaid within 10 years. It is also relieving that from now on the employer himself decides to what extent he will aid his worker with an interest-free loan or one which does not have to be repaid. Until now, loans which did not have to be repaid had to attain 50 percent of the aid. Experience has shown that this made the start to construction difficult and gave opportunity for subsequent disagreements between employer and employee.

How Many Rooms?

The fundamental goal of the restrictions on the acquisition of property--that is, one individual or one family may have only one apartment or housing site and one holiday cottage or holiday site--was to prevent the acquisition of assets without work. This restriction also remains unchanged in the future, but several modifications of the law eased the access of families to apartments, holiday cottages and parcels of land.

It is a significant departure that beginning 1 January 1983, the earlier regulations restricting the /size of the apartments/ that could be built by citizens will be abolished. (Up to now, the restrictions concerned the number of rooms and floorspace). From now on, the cohabitants may decide about the number of rooms.

Similarly, the new regulation concerning the /size of holiday cottages/ that may be built by citizens will take effect at the beginning of the coming year. According to this, an individual or a family may only build a holiday cottage--no larger than three rooms--with a floorspace in the case of a family holiday cottage of no more than 80 square meters, and in joint holiday cottages or in buildings consisting of several holiday units of no more than 60 square meters. If the family consists of more than six members, new half-rooms may be built per each additional family member.

It is notable that in resort areas of national significance, it is possible to have double the indicated number of rooms and floorspace--insofar as the owner gives prior notice that he plans to utilize his building for the purposes of tourism.

However, these restrictions do not concern boarding houses which are technically not classified as resorts but as space not utilized for housing purposes.

The new law also regulates how to consider sections of residential vacation sites owned by individuals or families in combination. Incidentally, the building authority with jurisdiction over the area will also verify this independently on request. It is a new feature that if someone has enclosed garden property in either urban or village resort territories of national significance, he cannot obtain additional resort property--except through inheritance--but may retain the existing one.

Surplus Property

From the beginning of next year, it is also possible for a 16-year old minor to separately acquire a residential property; if construction is planned, the building permit may be granted 2 years earlier. A 14 year-old minor may obtain property rights to a residential land parcel if future housing construction is planned. Thus, the residential land parcel of the 14 year-old or the child over 16 years old is not classified as surplus property from the viewpoint of the family! (This possibility does not exist with holiday cottages or land parcels.) If someone does not have an apartment, he also may purchase a building with several apartments of no more than 6 rooms. However, a further condition here is that the owner must continuously reside in the house and he must move in within 6 months of the date of purchase. In the opposite case, he is obliged to sell the surplus property within 2 years. Besides this, there may also be other--reasonable--circumstances when a person or a family may surpass the extent of permissible property acquisition.

According to the regulation, in specified cases the local council with jurisdiction depending on the place of acquisition may grant exemption from the restrictions on property acquisition. This may occur, for example, if the surplus property is utilized for another person's apartment or if the local council appropriates the real estate within 5 years.

If someone acquired surplus property through inheritance, marriage or adoption, he is obligated to sell the property over the allowance within 2 years. (Exemption could be granted from the responsibility to sell in time-dependent cases determined by law. However, there is no possibility for this in the case of holiday cottages or resort property). If the owner does not fulfill this obligation, the administrative department of the local council may order the municipal sale of his excess property. In this case, the local council designates the buyer of the real estate. The owner has the right to choose between his real estate properties, and if he does not do so, the local council will make this decision. The sale price must be determined on the basis of market value; however, the potential buyer must be asked if he still requires the apartment at this price. If yes, the National Savings Bank may provide a loan for the purchase. If the tenant or user does not respond within 30 days, the excess property must be publicly advertised. Afterwards, the local council designates the buyer by considering the most favorable offer; the buyer, however, is obligated to pay the owner the purchase price made in the offer within 60 days.

The procedure is terminated if the municipal sale could not be realized within 3 years from the date of order. It is good to know that if someone has an apartment in poor condition or with only partial facilities, he may join in group construction. But he is obligated to sell his old property within 2 years after moving into the new apartment. If not, the local council will also dispose of this, according to the regulations determined by law.

[20 Oct 82 p 8]

[Article by Laszlo Karcagi: "Discounts for Construction and Purchasing"]

[Text] In the future, two forms of state subsidies for the building and purchasing of private housing will be established: /sociopolitical discounts/ and /long-term loans with reduced interest rates/. The loans concern the construction of apartments built by the investments of the local council for the purpose of their sale by certain economic organizations (i.e., the National Savings Bank, investment enterprises or cooperatives) or the construction of private houses.

Low Interest Loans and the Amortization Period

According to unified principles, both discounts may be taken advantage of regardless of the location of the site, the method of construction and purchasing as well as the occupation of the future owner. Since the /number of dependents/ primarily determines the social situation of the family, the system of social discounts was extended to the entire realm of apartment construction and purchasing. The amount of the reduced state loan--for acquiring apartments suitable in size and facilities to our social development--is similarly determined and appropriately differentiated by the number of dependents or the number of family members moving in.

The loan--decreased by sociopolitical discounts--provides coverage for 70 percent of the building costs (from now on this also includes the purchased parcel of land) or 60 percent of the costs for the construction of the

traditional free-standing family house. However, its size cannot exceed that which is established yearly by the Council of Ministers in the credit policy directives. The credit policy directives determine the upper limit of the loan in alignment with the number of family members doing the construction.

The annual percentage rate of the preferential loan is 3 percent and the amortization cannot exceed 35 years. Several types of discounts also serve to ease installment payments. For example, it is possible to request that the monthly installments be repaid in progressively increasing sums. This means that in the initial time period, with uniform payment installments, small sums and later larger sums are determined to compensate for the shortage thus incurred. This primarily eases the initial burdens of young people starting their careers. In justified cases, if the family is in a temporarily difficult situation, it is possible to request the temporary moderation or suspension of the installment payments.

Loans with reduced interest rates are not granted to those who own parcels of land or other undeveloped or resort real estate whose value exceeds the cost of the house to be built.

It is also a new feature that bank loans may be granted to those who build larger and better equipped houses than the average or who buy such houses--in the case of suitable solvency. The repayment time by installments for this may not exceed 15 years. Nor is it possible for the sum of the reduced interest or the bank loan to be greater than 70 percent, or with the building of family houses, to be greater than 60 percent.

As the term "bank loan" indicates, the state does not extend it with reduced interest, but the bank grants it assuming the cost, risk and profit. The concerned organizations have not as yet determined the amount of the interest on the loan.

Sociopolitical Subsidy

The builder or purchaser is entitled to sociopolitical allowances per those children and other family members dependent on him or living in the common household. The amount of the allowance--regardless of the type of construction--is 30,000 forints per child and 20,000 forints per other supported family members. The upper limit of the total allowance that may be granted cannot exceed 45 percent of the building costs.

Regarding the allowances, those children living in a common household with the builder who have not yet turned 16 years old, or if so, they study in the day session of an educational institution and have not turned 25 years old are classified as dependents. Physically or mentally handicapped children who have lost 67 percent of their ability to work also belong to this category. Those children who do not live with the builder because of continuing education must also be considered dependents, with the exception of students living in schools providing total room and board.

An individual receiving child care assistance is not classified as a dependent from the point of view of sociopolitical allowances. Thus, allowances are not permitted to be paid for him.

It is possible to receive advance sociopolitical allowance payments for up to two children. The couple is entitled to this if neither one of them has yet turned 35 years old. The time period of advance payments is 3 years with one child and 6 years with 2 children.

It is possible to grant loans for construction to young married couples or those raising more than three children to supplement their own contribution. This may reach at most 50 percent of their own contribution, it is for a 5-year period and the amount may not exceed 70,000 forints. The interest is 8 percent yearly.

Employers may form a fund for the construction and purchase of houses of their workers. It is possible to utilize the employer's aid as partial substitution for private resources; it may lessen the loan with reduced interest or the amount of the bank loan.

If the builder receives an employer's loan--reduced by sociopolitical allowances--the amount of his own contribution may not be less than 20 percent of the cost of construction of a family house and 10 percent with other constructions.

Answers to Questions

Today we have finished familiarizing you with the regulations concerning the division, management and construction of apartments, the majority of which go into effect on 1 January 1983. Considering that 36 regulations were modified, we were constrained to deal with only the most important changes. It is understandable that our readers also expect answers to other details and request orientation in questions touching their own problems. As of yet, we have been unable to provide exact replies to the majority of the letters we have received since many details will be contained in the regulations of the local councils to be published later. However, we will answer a few questions. The majority asked about the method of calculating the rent and the decreasing subsidy./

We introduced the year-to-year reduction of state subsidies in a theoretical example in the third article. In the example, we calculated with an average 130 percent rent increase, although the rent for apartments with all facilities generally increased to a greater extent, by 150 percent, from 6 to 15 forints per square meter. However, in the series of articles, we also mentioned that this increase does not uniformly apply to every apartment; it also depends on its location within the city and the building and the structural condition of the leased property. Thus, the 15 forints rent per square meter may fluctuate up or down. If we disregard the modifying factors, the rent of a 50 square-meter apartment with all facilities will increase from 300 forints to 750 forints. The difference, or the amount of the income between the old and the new rent, is therefore 450 forints. In the case of a state rental apartment, the tenant receives 70 percent, i.e., 315 forints, as a state

subsidy. In this way, from 1 July 1983 to 30 June 1984, he must pay the earlier rent increased by 30 percent of the difference, i.e., by 135 forints. The rent increases to 498 forints 1 year later, to 561 forints in 1985, to 624 forints in 1986, to 687 forints in 1987 and to 750 forints on 1 July 1988. At this time, the state subsidy ceases. This calculation will be included in detail in the rent notification form for every single state rental apartment.

Another topic arousing interest among many with which we dealt in the fourth article was /what reimbursement is due to someone who puts their larger apartment at the disposal of the municipal council in rentable condition and in its place requests and receives a smaller one/. We wrote that if there is at least one room less in the smaller apartment, the individual must be paid twice the apartment usage fee of the older apartment. If there are at least two rooms less, the individual must be paid triple the apartment usage fee of the older apartment. For the sake of better comprehension, we will demonstrate this with an example: if someone receives a one-room apartment with all facilities in place of their three-room apartment in the capital city with all facilities, they are due triple the usage fee of the old apartment-- $3 \times 76,000$ forints, i.e., 228,000 forints from which they deduct the 36,000 forints usage fee of the one-room apartment with all facilities. Thus they receive 192,000 forints in cash from the local council.

In the future, we will regularly answer our readers' questions in our legal advice column.

9956

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SHIP BUILDING INDUSTRY PLANS, PROBLEMS OUTLINED

Unfavorable Ship Building Situation

Warsaw RYNKI ZAGRANICZNE in Polish 5 Jun 82 p 8

[Article by Pawel Tarnowski: "Polish Ships in the Fog."]

[Text] Until only five years ago the issue was clear: the Polish ship building industry was presented as the pride and the glory of our economy, a wonderful source of technical progress, and a basic supplier of foreign exchange. Anyway, all of this was true.

Six shipyards and 27 enterprises closely cooperating with them, not counting about 1000 coproducers in the whole of the country, generated in the years 1971-1980 an average annual production of tens of billions of zlotys, which included tens of good, modern ships. The state purse was at that time enriched by hundreds of millions of dollars and rubles.

In the first half of the nineteen-seventies in particular, a magnificent production and investment boom for the ship building industry took place. All the shipyards rushed through modernization and development. In the past decade, the production of 90 types and prototypes of ships, including the very difficult liquid-gas carriers, chemical carriers, container ships, RO-RO [roll-on-roll-off] ships, ferries, fishing vessels, and unique scientific-research ships, was mastered and developed. In 1975, for the first and only time, Polish shipyards produced ships of the carrying capacity of over 1 million tons.

If any branch of the national economy deserved the name of a Polish export specialty, it was indeed the ship building. We exported then, and continue to do, 80-90 per cent of shipyard production. The fascination with our high standing in many of the "ranking" tables of the Lloyd's insurance company Register of Shipping was incessant.

Along with the country's growing economic troubles in the second half of the seventies, the period of the greatest prosperity for the shipyards was also coming to an end. Internal difficulties were being compounded by a slower development rate of world trade recorded since the 1974 oil crisis, and by a decline resulting from it in orders for freight and for new ships, as well as by increasing competition in international ship building markets, which found its reflection in prices.

Fortunately, Polish shipyards, able to produce even the most difficult ships, oriented toward short series and having strong support in the Soviet market, emerged from these international tangles unharmed. Only the sharp crisis of 1980 threw our ship building industry almost to its knees, and from this position it was difficult to get up indeed.

On a Downwards Path

This opinion finds its confirmation in figures showing a visible gradual decline in our shipyards' production. While in 1979 the shipyards still built 66 units with the carrying capacity of 600,950 tons, and in the following year 60 units with the capacity of 390,850 tons, in 1981 there were only 43 units built, with the capacity of 321,800 tons. At the same time in none of these three years was the production plan fulfilled. The actual production was always lower than it had been planned. Of course, people connected with the shipbuilding industry say that an evaluation of the results on the basis of deadweight tonnage presents a false picture, and the decline in production, when counting the quality, is not really that considerable. Nevertheless it should be remembered that Polish shipyards have a much bigger theoretical and technical potential than the one being utilized.

This year the situation is similar. Although the plan for 1982 foresees building 44 ships of 573,400 tonnage capacity (which is 37 per cent more than in 1981, in terms of value), it is already known that these assumptions are unrealistic and will not be realized. The obstructions are the same as last year and two years ago, namely: a hopeless execution of coproduction supplies from the domestic market, lack of means for the importing of equipment, and recently also...a shortage of people willing to work in the shipyards.

This year's cooperation of the shipyards with the majority of the domestic coproducers is, of course, the result of the general failure in the economy. Not only the building industry, but actually each of the 1000 cooperating enterprises, has considerable difficulties. At the same time, in the conditions of an increased, though not total independence of the enterprises, there arise tendencies, formerly hidden, to break the ties with a partner who demands exceptionally high quality and punctual deliveries. Why suffer with the shipyards, the Polish Ship Register, and with God knows who else, when it is possible to live and produce equally well and perhaps better without this burden? For these reasons, many of the former coproducers now refuse cooperation altogether, or allege lack of materials, raw materials, and imported parts. This true, they indeed do not have them. As a result, however, launched and unfinished ships are standing at the shipyards' wharves.

Imports--Problem Number One

An equally big problem for the Polish shipyards is at present the lack of possibilities for importing the equipment. Depending on the type of the ship, the imported equipment used to range from a few to 50 percent of the

ship's value (as, for example, in the famed huge ferries built for the Swedish ship operator "Stena Line"). People connected with the ship building industry admit that this percentage in most cases was definitely too large. It was a result of the facility with which, until recently, the means for these purposes could be obtained, and the demands of foreign ship operators (who often requested that equipment of particular western firms be fitted). Also contributing were the enormous difficulties with inducing domestic producers to do anti-import production. These latter ones, anyway, had not, and probably still do not have the economic incentives to embark on such production. Until recently it was simpler and easier, and now it also is cheaper (at the 80 zlotys to a dollar exchange), to order the equipment abroad than to "wrangle" with the local coproducers. Now that the money is exhausted, the problem has remained unsolved.

The ship building industry thus continues to buy abroad enormous, although due to lack of foreign exchange increasingly smaller, amounts of basalt wool (the domestic kind did not gain acceptance from classification associations, though the construction industry will take any amounts of it), insulated walls, wall linings, ship outfittings, carpets, etc., which supposedly we are unable to make ourselves. Yearly millions of dollars are spent on these things, dollars which should remain in the country. Unfortunately, people who could perhaps organize such anti-import production are uninterested in it from the material point of view. And orders in this matter can really help little.

As a result, since the ship building industry failed to fulfill the import plan in 1981, 12 ships are standing at the shipyards' wharves, which could have been turned over to the ship operators a long time ago, were the equipment and finishing materials for them available. But because the dollars for the import are lacking, the ships are standing. The income that their export would generate is lacking too. Thus the vicious circle of poverty has closed itself once again.

Recently the troubles of Polish shipyards have been compounded by the unexpected hurdle of underemployment. After the implementation of the law allowing earlier retirement, 1300 people in the Lenin Shipyard took advantage of this opportunity, as did 1000 people in the Gdynia and Dzczecin shipyards respectively. Such a great loss of personnel was difficult to replace in a short time. Thus even if the supplies could be visibly improved, production would be hindered by insufficient manpower. The retirement law sometimes brings unexpected results.

The only bright factor in this dark picture has been, only recently, the steel industry's full supplying to the shipbuilding industry of metal sheets and other steel elements. Now, the steel plants have caught up with all outstanding orders and at least it has become possible to build hulls, which, however, cannot be painted for lack of materials, as the chemical industry is prostrate, and besides there is nothing with which to fit the inside of these hulls.

Uncertain Picture

The ship building industry has found itself in an extremely difficult and, one must admit, strange situation. It must worry foremost not about new orders, but how to fill the old ones. In many cases the shipyards had to renegotiate the delivery dates in order not to pay too many fines. What is worse, their partners--domestic and foreign--also experience difficulties. The Polish Baltic Shipping Company was to take 7 ferries and has taken only two. One of the Pakistani ship operators turned out to be insolvent and a new buyer for his ships had to be found in a hurry. With several others it was the same.

In sum, the representatives of the Shipbuilding Association which is at the point of being dissolved (and still remains the only place where a relatively complete picture of the Polish shipyards' situation can be obtained) affirm that this branch of the economy is not threatened with paralysis because of a lack of new orders at least until the year 1984. On the other hand, the world market's interest in new ships is not growing as much as expected. Ship operators can thus fuss and force prices down. Long term perspectives are unfavorable too and nothing indicates that changes for the better can take place soon.

Because Polish shipyards have trouble with filling old orders to capitalist countries, and few new orders can be expected because of Poland's current social and economic situation, we are left with a need for an even wider canvassing of the enormous Soviet market. In this year alone, Soviet ship operators will buy about 20 ships from us creating at the same time conditions to fulfill our agreement. They have already paid 17 million dollars to enable Polish shipyards to buy indispensable equipment in the West for them.

As the Ship Building Industry Association's statistics show, export to the Soviet Union is particularly effective and the series of ships ordered (a series longer than usual) will facilitate the task for the Polish shipyards. The USSR will be in the future our largest contracting party and customer (we used to sell about 30 percent of the production to that country), nevertheless no one intends to resign from western markets, despite current difficulties.

Bearing in mind, among other things, the growing competition on international markets, Polish shipyards do not cease their efforts to continue to differentiate their offers, proposing to the ship operators all that is newest and most modern. For this reason it was recognized that a new opportunity lies in building ships and equipment for sea-bottom tests and exploration. The program "Shelf," which includes building of platforms and ships for extracting mineral concretions, creates an opportunity for offering special ocean vessels which can be built by only a few shipyards in the world.

For Domestic Market or Export?

Important potential recipients of the Polish ships are, of course, also ship operators. It is estimated that in the years 1981-1985, the Polish Steamship Company [PZM] will need new ships of the 1 million ton capacity, and Polish Ocean Lines, over 0.5 million ton capacity. Both operators have recently signed in Poland several contracts and made payments on account. It is also known that they will have to pay in dollars for part of the costs, at least for the imported equipment, because the zloty has ceased to be a sufficient legal tender in clearings between Polish enterprises.

Even though contracts have finally been signed after a long dry spell, it is still not known whether it is more profitable for Poland to sell ships abroad or give them to Polish ship operators to carry domestic and foreign goods. Before the current revolution in prices, an imprecise opinion dominated which claimed that cash export transactions (of which there were not that many) were more profitable than domestic exploitation, while domestic shipping brought better profits than credit sales. This issue was deliberated several times in the former ministries HZiGM [Foreign Trade and Maritime Economy] and PMCiR [expansion unknown], to no avail. Presently, neither the Bureau of Maritime Economy nor the Foreign Trade Ministry know a rational cost effectiveness that could clear up the old doubts. What is worse, currently we do not know at all whether from the purely economic point of view it is worthwhile for us to export ships. The orders-type system of management, applied until recently, favoring the directive of "export at any cost," caused that Polish ship operators, justly or unjustly, found themselves in positions defeated from the beginning. In the meantime, after the hikes in producer prices and establishment of the exchange level at 80 zlotys to the dollar, the shipyards found themselves in a situation in which they can function only on the strength of budget subsidies. They suddenly must be subsidized, as in the case of many other enterprises. Selling each ship abroad requires the individual consent of the minister of foreign trade because the cost of obtaining the dollars clearly exceeds the established limit. This is, however, nothing unusual. The contracts, after all, were signed 3-4 years ago in conditions completely different from the present ones, when no one even dreamed of such big price increases. And what to say about contracts made by our shipyards during the years 1977-1978, a most unfavorable period for shipbuilders? Already at the time of their signing, these contracts were not effective. The agreements are not being realized and, unfortunately, will be carried out to at least the year 1983.

As we can see the middle of 1982, the future of Polish shipyards from the side of production possibilities and economic systems, and organizational conditions (there still is no association of shipbuilders) presents itself very dimly. Ships which in the first half of the seventies--as it seemed then--came out of the fog, now have found themselves in it again. We will probably have to wait some time before this fog clears itself up.

Ships For Liner Fleet

Warsaw TRYBUNA LUDU 30 Dec 82 pp 1, 4

[Article by Zbigniew Wrobel: "Ships from Polish Shipyards Also for the Polish Fleet."]

[Text] (own information) Our liner fleet requires a speedy modernization; before the year 1985, the Polish Ocean [PLO] Lines ought to retire 49 of the oldest ships of the joint carrying capacity of 322 thousand DWT from its routes, and in the following 5-year period, 46 other vessels of joint capacity of 299 thousand DWT.

The Gdynia ship operator, which for a long time signalled the disquieting fact of the aging of its fleet, gradually, as the state's and its own foreign-exchange reserves allowed, was realizing a program of modernization of the liner fleet, and purchases of modern ships in foreign shipyards became the basis of this modernization. Now PLO sees a chance for a fast modernization of its fleet, advantageous for the country and for itself, by placing orders for building ships in Polish shipyards. The resolution of the 10th Plenum of the PUWP Central Committee, delineating the directions of the maritime economy, supports these actions of the ship operator.

The first effects of the practical implementation of these important documents are already visible. The Gdynia ship operator has made agreements for building 8 semicontainers for servicing Latin American ports in the "Paris Commune" Shipyard, and a contract with the Gdansk Shipyard for building 3 ocean containers for Far Eastern Lines. Contract talks continue with the shipyards in Szczecin and the Tricities.

In the beginning of December of this year, the Paris Commune Shipyard signed with the PLO an agreement for building 4 RO-RO type units of 13 thousand DWT carrying capacity, for West African Lines, and 6 semicontainer ships of 19 thousand DWT carrying capacity.

On the 29th of this month, in the headquarters of the Polish Ocean Lines, the directorate of Gdynia's shipyard signed with the ship operator another contract--this time for building 5 RO-RO type units, each of 7 thousand DWT carrying capacity, for the Mediterranean ports.

Together the agreements made so far envisage the delivery of 26 ships between the years 1985 and 1990.

12270

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ROMANIA

LAW ON PROTECTION OF PLANTS AND PESTICIDES

Bucharest BULETINUL OFICIAL in Romanian No 105 Part I 20 Nov 82 pp 1-10

[Law on Protection of Cultivated Plants and Forests and Pesticide Pattern]

[Text] The Socialist Republic of Romania

On the basis of Article 57 of the Constitution of the Socialist Republic of Romania we sign and decide on the publication in BULETINUL OFICIAL AL REPUBLICII SOCIALISTE ROMANIA of Law No 5 of 12 November 1982 on Protection of Cultivated Plants and Forests and Pesticide Pattern.

Nicolae Ceausescu
President of the Socialist Republic of Romania

Bucharest, 20 November 1982.

Law on Protection of Cultivated Plants and Forests and Pesticide Pattern

The constant increase in farm production and the upgrading of the productive potential of forests mandate the ensuring of a corresponding protection of cultivated plants and forests against harmful agents, diseases and weeds, introduction and use on an overall scale of an integrated system of preventing and controlling them, by combining chemical means with biological, physical-mecanical and agrophytotechnical means, and also by developing plant strains that are resistant to diseases and harmful agents.

The scientific organization and development of all the activity of protecting cultivated plants and forests must assure, in addition to the greater quantity of agricultural food products, also their adequate quality, avoidance of losses, protection of public health, maintenance of soil quality and protection of the environment.

To this end, the Grand National Assembly of the Socialist Republic of Romania adopts this law.

Chapter I. General Provisions

Article 1. Ensuring the protection of cultivated plants and forests against harmful agents, diseases and weeds is a matter of national importance, an obligation for state organs, cooperative organizations and the other mass organizations, for all the citizens.

The protection of cultivated plants, forests and the other forms of vegetation useful to man is achieved by the activity of preventing the spread at home and the introduction from the outside of harmful agents, diseases and weeds, and also by controlling them through agrotechnical, physicommechanical, chemical and biological methods.

Article 2. The activity of protecting cultivated plants and forests must be instrumental in boosting agricultural and silvicultural production, in ensuring the adequate quality of this production, and in preventing and eliminating losses caused by harmful agents, diseases and weeds.

The protection of cultivated plants and forests must be achieved under conditions and with means that should guarantee the protection of the environment, the conservation of the physical, chemical and biological qualities of the soil, the maintenance of the biological balance and the protection of public health.

Article 3. In the entire activity of protecting cultivated plants and forests the integrated system of preventing and combating diseases, pests and weeds shall be promoted and used on an overall scale, by rationally combining chemical means with biological ones, utilizing physical-mechanical methods and applying the whole complex of agrophytotechnical measures.

The integrated system of preventing and combating harmful agents, diseases and weeds chiefly must include the following measures:

- a. Expansion and use on an overall scale of cultivation of strains and hybrids that are resistant to the attack of pests and diseases;
- b. Use on an overall scale of treatment of seeds and nursery stock for all crops;
- c. Compliance with the cropping system, as part of the organization of uniform crop rotations;
- d. Uniform and balanced application of natural and chemical fertilizer;
- e. Performance of agrotechnical works under conditions that ensure destruction of plant remains from the soil, reduction of the sources of pathogenic and harmful agents, creation of optimal conditions for growth and development of cultivated plants;
- f. Ensuring of optimal density of crops, for the purpose of obtaining adequate efficiency of control treatments;
- g. Extended use of physical and biological control methods, by utilizing irradiation, hormonal products, microbiological preparations and other such means;

h. Limited use of chemical products and exclusion of those that are harmful to man or that might have adverse effects on the environment and the biological balance in nature, by accumulation of residues in the soil, in agricultural food products and in the human body;

i. The upgrading and use on an overall scale of the system of forecasting attacks and warning of treatments against harmful agents and diseases, and also of carting the weeds, for the purpose of strict rationalization and maximal reduction in the number of chemical treatments and for greater efficiency of these treatments.

As part of the integrated system of prevention and combating of harmful agents, diseases and weeds, the chemical treatments will be applied specifically during the periods prior to the appearance of fruits and other parts of the plants, that are used in human food or in animal foddering.

The application of treatments with insecticides on plantations and crops, during the blossoming period, shall proceed under conditions that fully ensure the protection of bees, by utilization of some selective products, that are harmless to them, warning of apiculturists, in advance, about the treatments that will be applied and other such measures.

Article 4. For the purpose of constantly increasing the economic efficiency of the projects for the protection of cultivated plants and forests, in the entire activity of scientific research, production and utilization of control means the focus shall be on:

a. Development of research on the biology of pests, pathogenic agents and weeds, for the purpose of creating efficient biological preparations, upgrading the techniques for producing and utilizing them, and also reducing the number of chemical treatments in protection programs;

b. Development of some kinds of pesticides with high efficiency and low consumption rates for raw materials and energy, that can be transported, handled and applied under the most cost-effective conditions possible;

c. Extended use of application of pesticides concomitantly with planting, application of fertilizer, irrigation, crop upkeep and other agrotechnical operations, for the purpose of reducing soil compression and crop trampling, minimizing fuel and lubricant consumption rates and saving manpower;

d. Provision of multifunctional facilities, that should permit the performance of the widest possible range of farm operations, including plant protection.

Article 5. For the best possible application of the means to prevent and control harmful agents, diseases and weeds, the Ministry of Agriculture and the Food Industry and the Ministry of Forestry shall take measures to develop the integrated system of prevention and control and upgrading of techniques in the area of plant protection. Moreover, in conjunction with the Ministry of Education and Instruction, with the Ministry of Health and with the other central organs concerned, they shall organize the study of the effects of retention, yield and remanence of pesticides in the soil, plants and human and animal body, for the purpose of preventing any adverse effects that might result from the circuit of these substances in nature.

Article 6. The Ministry of the Chemical Industry in conjunction with the Ministry of Health, the Ministry of Agriculture and the Food Industry and the Ministry of Forestry shall work out research programs for development of efficient biological and chemical products, which are innocuous and have a low remanence in the soil, foods and fodder, that integrate into the maximum allowable limits established under the law.

For the integration of the new kinds of pesticides in practice, there shall be a deeper cooperation between biological and technological research, as early as in the laboratory stage in developing the products, so that the side effects that may occur in their production and application may be known in advance. Biological research shall pay special attention to problems pertaining to residues, by systematic organization of analyses of the soil and farm crops and determination of the most effective methods and products to reduce them to the harmless limits.

Article 7. The Ministry of Agriculture and the Food Industry and the Ministry of Forestry in conjunction with the Ministry of Education and Instruction shall take measures for the training of high- and medium-level personnel required for the program for the protection of cultivated plants and forests.

The Academy of Agricultural and Silvicultural Sciences shall ensure prompt information of experts who are active in the protection of cultivated plants and forests about the results of scientific research in this area, the new products, methods, apparatus, installations, machines and techniques for combating harmful agents, diseases and weeds, introduced in agricultural and silvicultural production.

Chapter II. Protection of Cultivated Plants, Pastures and Grassland

Section I. Protection of Cultivated Plants

Article 8. For the purpose of constantly boosting farm production, avoiding losses and ensuring the adequate quality of agricultural food products, the state and cooperative agricultural units, the other mass organizations, other legal entities, and all the citizens who own lands and crops are required to apply the measures to detect, prevent and combat harmful agents, diseases and weeds on lands and farm crops, in compliance with the provisions of this law and according to the sets of projects developed.

The technical standards to ensure the condition of hygiene for all kinds of crops, and pastures and grasslands, mandatory for socialist agricultural units, for all experts and the other workers in agriculture, and also for all the owners of lands and crops, are the ones stated in Appendix No 1.

Article 9. The prevention and control of harmful agents, diseases and weeds in state and cooperative agricultural units shall proceed on a uniform basis, for all crops, according to the programs of activities developed within the framework of each state and cooperative uniform agroindustrial council, based on the warnings sent out by the county organs for plant protection.

In each socialist agricultural unit within the framework of uniform councils the responsibility for proper application of all treatments for prevention and control of harmful agents, diseases and weeds rests with the chief engineer of the unit.

Article 10. For the purpose of preventing losses caused by harmful agents, diseases and weeds, the experts in every agricultural unit shall monitor the timely and proper performance of all agrophytotechnical operations specified in technologies and shall constantly supervise the lands and crops, for detection of attacks and application of the required treatments.

The managerial bodies of state and cooperative agricultural units shall take measures to ensure the corresponding number of workers before control operations, who shall be trained, prior to the commencement of the activities, in terms of following the techniques for application of treatments and labor safety.

Article 11. The county plant protection organs are required to ensure the full and uniform completion of the projects incorporated into the programs for prevention and control of harmful agents, diseases and weeds, seeing to it that these projects proceed on a coordinated basis, for the various geographical zones, in state and cooperative units and on private farms; moreover, they shall provide technical assistance in application of treatments, shall monitor and supervise the implementation and effectiveness of the prevention and control measures.

Furthermore, the county plant protection organs shall assure, through their own centers and formations, technical assistance and support to producers with private farms in noncooperativized localities, and private farms, in application of prevention and control treatments.

For the purpose of completing at a proper technical level some special projects for control of harmful agents, diseases and weeds on private farms in noncooperativized localities and on private farms, the county plant protection organs shall organize specialized teams; the operations shall be completed on the basis of contracts concluded with the owners of the crops and lands.

Article 12. The measures to prevent and control harmful agents, diseases and weeds shall be applied on a differential basis, in light of the pattern of crops and their input into the production of each agricultural unit.

In the activities for protection of the crops of cereals and industrial crops the emphasis shall be on the measures to condition, select and treat the seeds, to remove *Cuscuta* from *Trifolium* plants, to physically or mechanically destroy the sites of quarantine weeds, and to combat, by special means, the pests and diseases that present the greatest danger to each crop.

In horticulture, sound nursery stock, coming from nurseries, hothouses and hotbeds that were disinfected and disinfested shall be used exclusively; moreover, specific treatments and hygiene and control measures shall be carried out during the optimal period -- destruction of caterpillar nests, lichens and moss, cutting of dry branches, suckers, replacement of dry trees and crops, picking of mummified fruit or fruit attacked by diseases or pests, combating of grape mildew, potato and tomato blight, and other such operations.

Article 13. The prevention and combating of harmful agents, diseases and weeds in the areas for sanitary protection of water sources and central installations for supply of drinking water, on the areas state reserve, in the zones arranged for rest and recreation, in parks and open spaces, and in public utility facilities

shall be ensured by specialized units for plant protection of people's councils of counties and Bucharest Municipality, with the prior agreement of county sanitary organs and, as the case may be, of local water management organs.

Article 14. In case the owners of lands or farm crops do not complete in time the mandatory operations, specified in this law, for prevention and combating of harmful agents, diseases and weeds, these may be completed by the care of plant protection organs, and the owners shall be required to pay in full for the material used and the services performed, in addition to the penalties that shall be applied under the law.

Article 15. The executive committees of people's councils of counties and Bucharest Municipality, through their specialized organs, shall organize and are responsible for the application of all the measures for prevention and combating of harmful agents, diseases and weeds in state and cooperative agricultural units and on private farms, according to the programs specified.

For the purpose of uniform and proper application, throughout the territory, of the protection measures, the executive committees shall organize, under the law, units for protection of cultivated plants, subordinate to the general directorates for agriculture and the food industry.

Article 16. The Ministry of Agriculture and the Food Industry shall organize, guide and control and is responsible for the activities of prevention and combating of harmful agents, diseases and weeds in cultivated plants.

To this end:

a. It develops the programs of activities for protection of cultivated plants throughout the country's territory and monitors the provision of pesticides, apparatus, machines, materials and financial means for implementation; it approves the uniform programs of activities worked out by the county plant protection organs; it supervises and is responsible for the application of the measures in the programs worked out;

b. It ensures the uniform application of the phytosanitary quarantine measures;

c. It keeps records on the appearances of harmful agents, diseases and weeds in cultivated plants; it prepares information and forecasts and issues warnings relating to them;

d. It supervises the activity of cultivated plant protection organs;

Together with the Academy of Agricultural and Silvicultural Sciences it works out uniform scientific research programs, for the purpose of implementing all the preventive measures, expanding and using on an overall scale the integrated combating system, eliminating duplications and adequately coordinating research work;

f. It determines the needs in terms of specialized personnel with college training at the cultivated plant protection units and keeps records on this personnel; it makes assessments on their hiring, transfer or termination of their labor contract and takes measures to upgrade professional training in this area;

g. It is responsible for approval of pesticides and homologation of apparatus, installations and machines used in cultivated plant protection and monitors the upgrading of their quality;

h. It determines the necessary level of pesticides, tools, apparatus and machines used in cultivated plant protection, aims at boosting promptness in supply and at improving the conditions of storage, transportation, conservation and distribution of these plants; the supply of socialist units and physical persons with these products and outfits shall be done, as the case may be, by the Ministry of Agriculture and the Food Industry, the Central Union of Production Cooperatives, Purchasing and Marketing of Goods and the Ministry of Domestic Trade;

i. It sets technical standards on the utilization of pesticide products and of the equipment for the protection of cultivated plants;

j. It organizes and ensures, by specialized laboratories, the control of the quality of pesticides, and also their residues in the soil, food and fodder; it periodically analyzes the results obtained and takes appropriate measures to do away with the deficiencies found;

k. Together with the Academy of Agricultural and Silvicultural Sciences, it organizes experimental plots for determination of the economic efficiency of the activities for prevention and combating of the main harmful agents, diseases and weeds of cultivated plants;

l. It organizes the popularization of the projects for the protection of cultivated plants, in compliance with the legal provisions.

Article 17. For the purpose of preventing the attacks of harmful agents and diseases, of implementing in time the measures to combat them, of completing the combating programs, the state and cooperative agricultural units, the plant protection units, the state and cooperative commercial units that sell pesticides and equipment for the protection of cultivated plants shall ensure the quantities of materials required for completion of these activities, including the small-capacity, portable and carriageable apparatus, and pesticides in small packages for individual holdings.

Section II. Protection of Pastures and Grasslands

Article 18. For the purpose of preventing losses caused by harmful agents, diseases and weeds and of avoiding the danger of spreading, in farm and forest crops and woods, harmful agents and pathogenic agents that may form sites of accumulation and perpetuation on areas with pastures and grasslands, the owners of these lands shall timely and adequately complete all the agrotechnical and upkeep works specified in technologies.

Moreover, the owners of pastures and grasslands are required to assure their permanent monitoring for detection of any form of harmful agents and pathogenic agents and complete all the operations for prevention and control in accordance with the instructions given by the plant protection organs and the forestry organs.

The Ministry of Agriculture and the Food Industry guides, supervises and is responsible for the organization of all the activities of detection, prevention and combating of harmful agents and diseases on the pastures and grasslands that belong to people's councils and socialist agricultural units, the Ministry of Forestry guides supervises and is responsible for the organization of these activities on the pastures and grasslands in the mountain areas and the forest areas in the other zones.

Article 19. The measures for prevention and control of harmful agents, diseases and weeds, and of cleaning pastures and grasslands shall be performed with pesticides and other means that should ensure the protection of the useful flora and fauna, and also of the animals' health.

Concomitantly with the performance of control treatments on pastures and grasslands, the areas shall be visibly marked with warning panels and also the other necessary measures shall be taken to stop grazing or hay consumption throughout the pause period specified for each pesticide.

Article 20. The responsibility for proper implementation of all the measures for prevention and control of harmful agents, diseases and weeds on pastures and grasslands rests with the head of the unit that owns them.

Article 21. The county organs for protection of cultivated plants and the forestry organs shall give assistance to the owners of pastures and grasslands in provision of pesticides, means of application and technical aid in completion of treatments, shall monitor and supervise the implementation and effectiveness of the prevention and control measures.

Chapter III. Protection of Forests

Article 22. For the purpose of adequate management of the forestry resources, of ensuring of the condition of hygiene of forests and of protecting them against harmful agents and diseases, the forestry units and the other owners of forests and lands with forest vegetation are required to rigidly apply the measures of detection, prevention and control of harmful agents and diseases, in compliance with the provisions of this law and the programs of activities specified.

The technical standards for ensuring the condition of hygiene of forests -- including that of forest crops -- that are mandatory for forestry units, for all the owners of forests and forest crops, and for all the experts and workers in forestry, are those stated in Appendix No 2.

Article 23. The prevention and combating of harmful agents and diseases in forests and forest crops shall proceed on a uniform basis, according to programs of activities specified within the framework of each silvicultural unit, based on detection and forecasting projects. For the purpose of ensuring the adequate efficiency of protection measures, the programs of activities shall mandatorily assure the coordination of the treatments applied in forests with those that are applied on farm crops and on pastures and grasslands.

For the adequate application of treatments for prevention and combating of harmful agents and diseases, the responsibility rests with the head of each silvicultural unit or, as the case may be, of each unit that owns lands with forest vegetation.

Article 24. As part of the measures for the protection of forests, the combating operations shall be performed, principally, in the zones that are severely attacked by pests and the performance shall be ensured of all the hygiene projects -- removal of dry trees, of trees in the process of drying, trees felled or that are attacked by diseases and harmful agents, total barking of stumps and cut or felled trees and the like -- both in the silvicultural zones and outside the forestry areas.

The measures for prevention and combating of harmful agents and diseases shall be applied on a differential basis, in light of the nature and intensity of the attack and the characteristics of each individual forest.

Article 25. The activities for prevention and combating of harmful agents and diseases in forest crops and forests administered by the county silvicultural inspectorates shall be performed through the units under the Ministry of Forestry.

In the case of forests and lands with forest vegetation under the administration of municipalities, towns and communes or owned by other legal persons, the prevention and combating activities shall be performed by the owners, with their own means or under contracts concluded with county silvicultural inspectorates.

Article 26. For the purpose of preventing the damages caused by harmful agents and diseases and the danger of perpetuation and extension of their sites, the county silvicultural inspectorates shall apply the necessary treatments on the lands with forest vegetation belonging to other owners, if these owners do not complete them in time and adequately; the expenses occasioned by the completion of the operations shall be fully borne by the owners of the lands, apart from the penalties which they shall receive under the law.

Article 27. The Ministry of Forestry guides, supervises and is responsible for the organization of all the activities of detection, prevention and combating of harmful agents and diseases of forest vegetation.

To this end:

a. It surveys the phytosanitary condition of forests, prepares information and forecasts and issues warnings in regard to the appearance of harmful agents and diseases of forest vegetation;

b. It takes measures for the application by silvicultural units and the other owners of lands with forest vegetation of the techniques specified for the prevention and combating of harmful agents and diseases;

c. It is responsible for the adequate performance of the operations for ensuring the phytosanitary condition of all the forests and crops within and without the forest zones;

d. It analyzes and approves the technical-financial documentations prepared by the county inspectorates in regard to forest protection. Based on these it annually works out the plan for forest protection operations and assures the financial means, pesticides, installations and apparatus required for the completion of these operations by the silvicultural units;

- e. It ensures the application of the phytosanitary quarantine measures in the forestry sector;
- f. It determines the needs in terms of specialized personnel for forest protection in silvicultural units and keeps records on them; it makes assessments on hiring, transfer or termination of the labor contracts for this personnel and takes measures for upgrading professional training in this field;
- g. In conjunction with the Academy of Agricultural and Silvicultural Sciences, it works out scientific research programs, for the purpose of implementing all the measures of prevention, of developing and upgrading the programs for integrated control;
- h. It ensures the use in production of the results of research in the area of protection of forests and forest crops;
- i. It prepares and submits for approval the documentations for the evaluation of pesticides and homologation of apparatuses, installations and machines utilized in the protection of forests and forest crops and surveys the upgrading of their quality;
- j. It specifies technical standards for the use of pesticides in the projects for protection of forests and forest crops;
- k. It organizes the popularization of activities for the protection of forests and forest crops.

Chapter IV. Phytosanitary Quarantine

Article 28. In order to avoid the spread of harmful agents, diseases and weeds, that involve a danger to cultivated plants and forests, for the purpose of eliminating their sites and also in order to prevent or stop the introduction into the country of harmful agents, diseases and dangerous weeds, the phytosanitary quarantine pattern is instituted.

The organization and operation of the phytosanitary quarantine pattern shall be established by a decree of the Council of State.

The Ministry of Agriculture and the Food Industry and the Ministry of Forestry are responsible for the firm application of the phytosanitary quarantine measures.

The executive committees and bureaus of people's councils and the organs of the Ministry of Interior are required to assist the phytosanitary quarantine organs in the fulfillment of their duties.

Article 29. The establishment and operation of fruitgrowing, viticultural, dendrologic and silvicultural nurseries, vegetable-growing and flower-growing hothouses and of experimental fields and fruitgrowing collections are allowed only on the basis of the authorization issued by the organs of the Ministry of Agriculture and the Food Industry and, as the case may be, of the Ministry of Forestry.

The circulation, marketing and use of products from propagation crops under the phytosanitary quarantine pattern are admitted only on the basis of the authorization issued to the owner of the crop by the organs authorized by the Ministry of Agriculture and the Food Industry and, as the case may be, by the Ministry of Forestry.

Article 30. The producers or owners, in any form, of biological material for propagation of agricultural and forest crops are required to apply all the quarantine measures for prevention and combating of harmful agents, diseases and weeds, recommended by the phytosanitary quarantine organs.

If the producers or owners did not apply the prevention and combating measures or applied them improperly and the presence of the quarantine harmful agents, diseases and weeds is found, these measures shall be applied by the plant protection organs, at the expense of the producers or of the owners.

Article 31. The plants, the parts of plants, the seeds, the fruit and any other farm and forest products, including those that were treated physically or chemically, which are involved in import, export or transit on the country's territory, and the transportation means used, are mandatorily subjected to phytosanitary control.

Article 32. The socialist organizations, the other legal persons and physical persons that import vegetable products are required to obtain from the phytosanitary quarantine organs an authorization for import whereby the phytosanitary conditions under which the import is allowed are specified.

The foreign trade companies shall assure the inclusion in import contracts of clauses which state that the vegetable products which are to be imported shall meet the phytosanitary quarantine standards that are applied in the Socialist Republic of Romania.

Article 33. The socialist organizations, the other legal persons and physical persons are required to declare to the customs phytosanitary control organs the nonprocessed vegetable products, on their entry into the country.

Article 34. The socialist organizations, the other legal persons and physical persons that export vegetable products are required to obtain from the phytosanitary quarantine organs international-type phytosanitary certificates, with observance of the requirements set by the importing countries.

Article 35. The commercial organizations and the physical persons that market vegetable products are required to follow the measures recommended by the phytosanitary quarantine organs.

Chapter V. Pesticide Regulations

Article 36. Only the pesticides authorized by the organs and under the conditions specified by the law may be produced, delivered, marketed and utilized.

The pesticides that are used in the projects to prevent and combat harmful agents, diseases and weeds are specified annually under the uniform national plan for socio-economic development.

In exceptional cases also other pesticides may be utilized, under the conditions and with the approval of the organs specified by law.

Article 37. Pesticides, in the meaning of this law, involve any substance or mixture of substances, including their mixtures with ingredients, destined for use in agriculture, forestry, in the storage areas, and in other activities, for the purpose of preventing, minimizing, eliminating or destroying pests, phytopathogenic agents, weeds and other forms of animal or vegetable life, including viruses, that are harmful to plants and domestic or useful animals, insects and rodents that are carriers of diseases that can be transmitted to man, and the products for control of plant growth, defoliation or desiccation.

Article 38. In light of the degree of toxicity, the pesticides are classified in four groups, according to the standards approved by a decree of the Council of State.

The nominal integration of pesticides in the groups specified in Paragraph 1 shall be done by the Ministry of Health.

Section I. Production of Pesticides

Article 39. The production of pesticides is achieved within the framework of the integrated system for prevention and combating of harmful agents, diseases and weeds and must assure the chemical and biological products necessary for the protection of cultivated plants and forests.

Article 40. The Ministry of the Chemical Industry shall take measures to turn out some kinds of pesticides with high effectiveness, with low consumption rates for raw materials and energy, devoid of toxicity and with low remanence in the soil, food and fodder, that fit into the maximum allowable limits set under the law.

Moreover, the Ministry of the Chemical Industry shall take measures for the production of pesticides with the broadest possible range of action and shall ensure, based on the results of scientific research and the needs of agricultural and silvicultural production, the standardization of pesticides.

Article 41. The socialist units that produce pesticides are responsible, under the law, for ensuring the qualitative parameters of products specified in authorizations.

The Ministry of Agriculture and the Food Industry carries out, through specialized laboratories, the control of the quality of pesticides in the manufacturing units and in other units that carry them.

The pesticide manufacturing units are required to pay for the damages caused to agricultural and silvicultural units as a result of delivery of qualitatively unsatisfactory products.

Article 42. For the purpose of maintaining the quality of pesticides and avoiding any risks of accidents, poisonings and illness, the socialist units that turn out pesticides are required to work out for each product, with the approval of the Ministry of Health and the Ministry of Agriculture and the Food Industry, characteristic standards of transportation, storage, handling and utilization.

The socialist units that turn out, prepare or condition pesticides are required to deliver these products in standardized packaging, made out of adequate materials, in light of the degree of toxicity and flammability.

Furthermore, the pesticide manufacturing units shall indicate the life of each product; after expiration, the pesticides may be used only with the approval given, based on laboratory tests, by the specialized organs from the Ministry of Agriculture and the Food Industry.

Article 43. For the purpose of producing and using in agricultural and silvicultural practice new kinds of pesticides, the manufacturing units shall permanently cooperate with the specialized research institutes and with the agricultural and silvicultural units, monitoring the effectiveness, efficiency and the effects of the new pesticides under conditions of production.

Section II. Utilization of Pesticides

Article 44. For the purpose of rational and efficient use of pesticides, of ensuring the proper quality of agricultural food products, maintaining the quality of the soil and protecting the environment, and also eliminating any possibilities for accidents, poisonings and illness, the agricultural and silvicultural units, the other categories of producers or owners of lands and crops are required to strictly meet the technical standards for use, storage, transportation and handling of pesticides, formulated in compliance with the law.

The agricultural and silvicultural units that perform treatments with pesticides are required to inform in advance the piscicultural units and the water management units and also the apiculturists, about the periods for application of the treatments in the areas involved and the kind of pesticides used.

Article 45. In the projects for protection of cultivated plants and forests the only pesticides that may be used are those whose application assures integration into the maximum allowable levels of residues in food and fodder, specified under the law.

Provision for public consumption or delivery for food industrialization of agricultural food products that contain residues of pesticides which exceed the maximum allowable levels is prohibited.

The control organ that found the exceeding of the maximum allowable levels in a food product is required to notify the manufacturing or carrying unit, as the case may be, for the purpose of correction of deficiencies in application of pesticide treatments.

Article 46. The socialist units may conduct activities with pesticides in the toxicity groups I and II only on the basis of the sanitary authorization issued for this purpose by the antiepidemic sanitary center of the county or Bucharest Municipality.

For the units of the Ministry of National Defense and of the Ministry of Interior, the authorizations shall be issued by the antiepidemic sanitary organs subordinate to these ministries.

The authorized units are required to register according to the law.

The units for protection of cultivated plants and the socialist trade organizations may distribute, without authorization, to physical persons, only pesticides in the toxicity groups III and IV.

Article 47. The socialist units that perform pesticide treatments are required to use for this purpose only trained personnel, provided with the standardized individual equipment and protective means.

Article 48. The units that conduct activities with pesticides are responsible for rigid following of standards regarding storage, conservation and distribution of pesticides, and also for labor safety, prevention of accidents among the population and in animals and protection of the environment.

Prohibited is the hiring or utilization, for the activity with pesticides in toxicity groups I and II, of young people under 18 years of age, pregnant women and nursing women, and also of persons who have ailments established by the Ministry of Health.

Article 49. The pesticide treatments in individual holdings and public places may be performed only with products authorized, for this purpose, by the Ministry of Health.

The treatments with pesticides in the toxicity groups I and II may be performed, in individual holdings, only outside the living areas, by special teams, belonging to the socialist organizations that are authorized to conduct activities with pesticides.

Article 50. The inspection of compliance with the legal provisions on the pesticide regulations shall be carried out by the Ministry of Interior, the Ministry of Health, the Ministry of Labor, the Ministry of Agriculture and the Food Industry, the Ministry of Forestry, the Ministry of the Chemical Industry, the National Council for Environmental Protection and the National Council for Water Resources, according to the duties assigned to each of them.

Moreover, the ministries, the other central organs and organizations, and the executive committees and bureaus of people's councils are required to exercise direct supervision over the activity with pesticides in the subordinate units.

In the units subordinate to the Ministry of National Defense and the Ministry of Interior the inspection shall be carried out by their specialized organs.

Article 51. The Ministry of Health and the Ministry of Agriculture and the Food Industry shall propose, every 2 years, the updating of the list with the maximum allowable levels of pesticide residues in foods.

Within the same period, the Ministry of Agriculture and the Food Industry shall propose the updating of the list with the maximum allowable levels of pesticide residues in fodder, considering the maximum allowable levels for foods of animal origin.

The lists containing the maximum allowable levels of pesticide residues in foods and fodder shall be approved under the conditions specified by law.

Article 52. The way of authorizing the pesticides and ensuring their quality, registering the units that are authorized to conduct activities with pesticides and the system of evidence used in these activities, the way of packaging, labeling, storing, transporting and marketing pesticides, and the decontamination measures are regulated by a decree of the Council of State.

Furthermore, a decree of the Council of State regulates the responsibilities and penalties for violating the legal provisions on the protection of cultivated plants, pastures, grasslands and forests, and the pesticide pattern.

Chapter VI. Common and Final Provisions

Article 53. The Ministry of the Chemical Industry shall ensure the quantities of pesticides -- including those in the category of biological products -- for the projects for prevention and combating of harmful agents, diseases and weeds, according to the required level established in conjunction with the Ministry of Agriculture and the Food Industry, the Ministry of Forestry and the other ministries and central organs concerned and incorporated into the plan.

The Ministry of the Machine Building Industry shall ensure the production of the equipment for prevention and combating of harmful agents, diseases and weeds, and the spare parts, in compliance with the list prepared by mutual agreement with the Ministry of Agriculture and the Food Industry, the Ministry of Forestry and the other ministries and central organs concerned.

The Ministry of Agriculture and the Food Industry, the Ministry of Forestry and the other ministries and central organs who, according to the law, are allotted tasks in the activity of protecting the cultivated plants and forests, shall organize the overhaul and repairs for the apparatus and machines that are used in these projects, and also the supply with necessary spare parts, for the purpose of maintaining them in permanent working order.

Article 54. For the prevention and combating of the attacks of harmful agents and diseases -- accidental and of a calamity nature -- the Ministry of Agriculture and the Food Industry, the Ministry of Forestry and the other ministries and central organs concerned shall form buffer stocks of materials, pesticides and equipment, in accordance with the legal provisions in force.

Article 55. The expenses for the activities of preventing and combating harmful agents, diseases and weeds shall be borne by the agricultural and silvicultural units and the other categories of producers or owners of lands, under the conditions stated by a decree of the Council of State.

Article 56. The executive councils of ministries, of the other central organs, the executive committees of peoples' councils of counties and Bucharest Municipality, the councils of working people in centrals, enterprises and the other socialist units, and the managing councils of cooperative agricultural units are required to take measures for acquaintance with and strict application of the provisions of this law, for the strengthening of order and discipline on every job, for the prevention of any labor or technical accidents.

The collective leadership organs specified in Paragraph 1 are required to ensure:

- a. The organization of thorough acquaintance with the provisions of the law by the entire work force whose duties include projects for protection of cultivated plants and forests or activities relating to production, transportation, storage and application of pesticides;
- b. The discussion of the provisions of the law at meetings of working people organized for the various sectors of production or other work departments;
- c. The organization of popularization of the provisions of the law by posting at the point of production or other ways of information;
- d. The thorough training of the work force in regard to the assignments, duties and responsibilities that devolve upon them for the purpose of strengthening order and discipline, developing all the activity under conditions of complete safety and compliance with the work regulations approved.

After study and assimilation of the provisions of the law, the workers, foremen, technicians, engineers, all those who are active in or manage projects for protection of cultivated plants and forests, production, transportation, storage and application of pesticides are required to sign for cognizance of the provisions in this law and are responsible for the rigid completion of their duties.

Article 57. The executive councils of ministries, the other central organs, the executive committees of people's councils of counties and Bucharest Municipality, the councils of working people in centrals, enterprises and the other socialist units, and the management councils in cooperative agricultural units are required to survey the way in which were ensured the acquaintance with the provisions of the law by all the work force and its periodical training, and are directly responsible for taking all the necessary measures for strict implementation of the law.

The organs of the Ministry of Interior, of the prosecutor's office and justice are required to ensure, by direct participation, the necessary assistance to socialist units in the activity of acquaintance with and popularization of the law and monitor strict compliance with its provisions, taking measures for firm prevention and combating of any violations of the provisions of this law.

Article 58. The Ministry of Agriculture and the Food Industry and the Ministry of Forestry shall take measures for popularization among citizens of information on protection of cultivated plants and forests, and together with the Ministry of Health shall ensure the production of educational films and preparation of other diversified educational material, utilization of the press, radio and television broadcasts for the purpose of preventing the risks of pesticide poisoning and of assimilating the first-aid measures.

The ministries specified in Paragraph 1 together with the Ministry of Education and Instruction shall organize the preparation of educational materials on pesticides and shall take measures for school children and students' acquaintance with them.

In the organization and development of the projects for prevention and combating of harmful agents, diseases and weeds and of the activities for popularization of knowledge on the protection of cultivated plants and forests, the agricultural and silvicultural organs that are allotted, under the law, tasks in this field shall cooperate with the organizations of the Associations of Beekeepers, of the General Association of Sport Hunters and Fishermen, with the associations for the protection of nature, and with the young pioneers and youth organizations.

Article 59. On the date of the enforcement of this law any other contradictory provisions are repealed.

Article 60. Appendixes No 1 and 2 are integral parts of this law.

This law was adopted by the Grand National Assembly at the meeting on 12 November 1982.

Chairman of the Grand National Assembly
Nicolae Giosan

Bucharest, 12 November 1982.
No 5.

Appendix No 1

Technical Provisions for Ensuring the Condition of Hygiene of Crops, Pastures and Grasslands

1. Only seeds that were conditioned and treated according to technical instructions given the organs for protection of cultivated plants shall be used in planting.
2. All the required agrotechnical operations shall be performed for the destruction of the weeds that host diseases and harmful agents in crops and plantations -- plowing, disking, hoeing, use of herbicides and the like.
3. Seedlings of cereals, sunflower and other crops shall be destroyed immediately after appearance, with cost-effective agrotechnical means being used for this purpose.
4. Crop rotation is mandatory when it is determined by the organs for protection of cultivated plants for prevention and combating of harmful agents, diseases and weeds.
5. Projects shall be carried out for destruction of caterpillar nests, lichens and moss, cutting of dry wood and suckers, picking of mummified fruit and other operations of hygiene, specifically by agrotechnical methods.
6. The sites of the San Jose scale shall be destroyed around the plantations of fruit trees that were not infested by this pest and around fruit tree nurseries, through chemical control measures or by removal of the nonvaluable stock.
7. The sites of the mulberry hairy caterpillar in orchards, parks, lines and scattered trees shall be destroyed, specifically by mechanical means.
8. Cultivation of other plants in tree plantations shall be done in compliance with the provisions that assure timely application of chemical treatments.

9. There shall be used only grafting scions from mother plants selected for this purpose and which are not attacked by quarantine pests or pathogenic agents.
10. In fruitgrowing and dendrologic nurseries and in vegetable and flower hothouses and nurseries winter and summer combating projects recommended by the organs for protection of cultivated plants shall be completed.
11. The planting stock shall be delivered from the fruitgrowing nurseries only after disinfection and disinsectization if the organs for the protection of cultivated plants recommend these measures.
12. Daily records shall be kept on the projects for plant protection, completed in fruitgrowing and dendrologic nurseries and vegetable or flower hothouses and nurseries.
13. The soil, casings and equipment in hotbeds, vegetable and flower hothouses and nurseries shall be disinfected according to the instructions given by the organs for the protection of cultivated plants.
14. The trifolium seeds shall be cleared of Cuscuta in specialized units, before their being marketed or used for planting.
15. The wastes resulting from the decapsulation of the flax stems in retting shops or the ones existing in the stations for removal of Cuscuta from trifolium seeds or herbs shall be used for feeding animals, with the units that deliver and take over these products being required to assure full implementation of the measures established by the quarantine organs and the organs for the protection of cultivated plants, for the purpose of proper feeding of animals and prevention of the spread of Cuscuta.
16. The projects for chemical or mechanical control of the Cuscuta sites in crops and other places shall be carried out in accordance with the instructions given by the organs for the protection of cultivated plants.
17. The potatoes that are prone to canker shall be replaced by resistant strains in the quarantined zones and measures shall be taken for the maintenance of the biological purity of these strains.
18. The storage areas for vegetable products shall be disinfected and disinsectized annually, both prior to the introduction of the products and during their storage, by using pesticides that do not modify their quality.
19. The completion of the projects for detection, prevention and combating of harmful agents, diseases and weeds shall proceed during the periods established by the organs for the protection of cultivated plants, with the means and under the conditions recommended by these organs, in light of the characteristic of each crop and the geographic zone involved.
20. The control projects shall be carried out with apparatus and machines corresponding to the parameters listed in the technical utilization chart, for the purpose of avoiding diminution or exceeding of the doses of pesticides, their wasting, environmental pollution and accidents for the handling workers.

Appendix No 2

Technical Provisions for Ensuring the Condition of Hygiene of Forests

1. In the crops in hothouses and nurseries there shall be used only seeds that were conditioned and treated according to the technical instructions established by the Ministry of Forestry.
2. In the crops in nurseries, willow farms and plantations of trees and fruit trees the upkeep operations shall be completed on schedule and the weeds and other plant species that are hosts to diseases and pests shall be destroyed.
3. The crop rotation, established under the plans approved in compliance with technologies, shall be implemented.
4. Annually, during the September-October period, all the nurseries shall complete the phytosanitary control of crops, on whose basis the phytosanitary certificate shall be issued for seedlings without attacks of quarantine pests and diseases, that may be used in afforestation.
5. In hothouses, nurseries and willow farms preventive and curative treatments shall be applied on schedule against pests and diseases, in accordance with the technical instructions established by the Ministry of Forestry.
6. The heads of silvicultural nurseries shall declare to the phytosanitary quarantine organ that covers the nursery the cases in which the nurseries involved are to also grow grafted fruit tree nursery stock -- apple, pear, mulberry and walnut.
7. In setting up willow farms there shall be used only slips from the mother plant crops that are not attacked by pests or pathogenic agents.
8. In willow farms phytosanitary inspections shall be carried out during the May-June and August-September periods, for detection of pests and diseases and prompt taking of effective measures for their prevention and combating.
9. The seed reserves shall not be established in the forests where pests that impact on the quality or quantity of fruition are reported endemically.
10. The completion of afforestation projects shall proceed only after completion of the sanitary inspection of the soil, for determination of the infestation with beetle larvae.
11. The trees that are fallen, broken or felled by the wind or snow or attacked by pests and diseases shall be predominantly drawn and put to good use.
12. In the fir tree stands where treetop breaking has occurred top priority shall be given to extracting those with a more than one-third breakage of the top, and those with a less than one-third breakage of the top shall be extracted as they begin to show drying or attacks of diseases and pests.
13. In the exploitation of fir ~~and trees~~ forests mandatory is the barking of stumps -- for pine and spruce fir, completely, and for fir and the other fir trees, by stripping; the felled timber may not be kept unbarked in the forest and in storehouses from 1 April to 1 October.

14. Complete barking of fir stumps and trees situated outside the timberland shall proceed concomitantly with cutting, when this operation is carried out during the 1 April-1 October interval, or by 1 April, when the cutting is effected during the 1 October-1 April interval.
15. The complete cleaning of the areas exploited, of the exploitation wastes shall proceed by the latest on the expiration of the period for the drawing of the timber.
16. On the lands with forest vegetation outside the timberland the fir trees in the process of drying, broken or felled by the wind or snow or attacked by diseases and pests shall be removed.
17. The draining of trees -- barking on a portion around the tree for the purpose of causing drying -- is prohibited.
18. For the prevention of damages caused by game on saplings in plantations and natural regenerations measures shall be taken to protect them by means of repellents and by other procedures specified in the technical provisions of the Ministry of Forestry.

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CSO: 2700/44

FOREIGN TRADE PLANS FOR 1983

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 29 Dec 82 p 3

[Article by J. Grubic: "Cutting the Trade Deficit in Half"]

[Text] The way in which the first working version of the overall programs for exports and imports by the Yugoslav economy next year was developed required considerable activity by the Yugoslav Chamber of Economy. [PKJ]. First of all, in general associations, the PKJ examined the available projection capacities and commodity stocks along with the requirements for imports, and the chamber's divisions for promoting economic cooperation with individual countries in the world examined the possibilities for purchasing and marketing groups of products in each market. Coordination among branches of the economy and among regional groups then took place; this created a base that is still being re-examined in direct contacts with OURs [organizations of associated labor], in an effort to examine the prospects for a further increase in export work and for increased efficiency in import work. The coordination of the 1983 program is continuing, and these indicators should be expected to undergo further changes, especially since in the later phases of the work, the export and import plans prepared by the PKJ have to be in correspondence with the plans for foreign economic relations being developed by the SIZs [self-managing interest communities] of the republics and autonomous provinces and the Interest Community of Yugoslavia for Foreign Economic Relations.

Increasing the Extent to Which Purchases Are Covered by Sales

The first working version of the overall programs estimates that in 1983 exports of \$11,260,000,000 will be achieved; this is \$1,560,000,000, or 16 percent, more than the expected value for this year. At the same time, imports would only be increased by 1 percent, and would reach a value of \$12,915,000,000. The trade deficit would thus be reduced by about \$1,400,000,000, or 45 percent, in comparison with the estimate for this year, and would amount to \$1,655,000,000, while the extent to which imports are covered by exports would be increased from 76.2 to 87.2 percent, if room were found in a small increase in world trade for a higher level of Yugoslav foreign trade.

The value of exports to the convertible payment area would be \$6,975,000,000, or 24 percent, more than the estimate for this year, and thus the difference from the predictions of the Federal Institute for Social Planning, in absolute

terms, is minimal (\$25 million), and in the growth rate, 4 percent (derived from the differing assessments of this year's exports to that area). The value of imports from that area would amount to \$8,759,000,000, and would be virtually at the same level as this year's; on the other hand, it would be more than predicted by the Federal Institute, by as much as \$1 billion, for semi-manufactured products. Nevertheless, the trade deficit in trade with the convertible payment area would be reduced in 1983 by \$1,400,000,000 or 44 percent, and would amount to \$1,784,000,000, while the extent to which purchases are covered by sales would be increased from 63.8 to 79.6 percent.

Very High Increase in Exports to the Developing Countries

Clearing exports would reach as much as \$4,285,000,000, or 5 percent more (\$200 million) than what is estimated for this year, while according to the Federal Institute's calculations, it should be \$500 million less. The value of imports from this area would amount to \$4,156,000,000, which is \$230 million or 6 percent more. This would create a surplus in 1983 clearing trade of \$129 million, which is \$20 million less than the estimate for this year. The extent to which imports are covered by exports will likewise fall from 104 to 103.1 percent.

Viewed in terms of world regions, it is expected that in 1983 there will be a very high increase in exports to the developing countries, by 31 percent, so that the economic group's share in total Yugoslav exports would reach 24 percent. The value of exports to the Western developed countries would be increased by 18 percent, and the value of exports to the socialist countries, by 9 percent, with exports to the socialist countries with convertible payment would be increased by 30 percent. Maintaining imports at this year's level would have to be the result of a reduction in imports from the developed Western countries, by 14 percent, along with a 34 percent increase in imports from the developing countries, and a 9 percent increase in imports from the socialist countries (including a 26 percent increase in imports from the socialist countries with convertible payment, for the most part for raw materials and semimanufactured products).

Likewise, the trade deficit with the developed Western countries would have an index of 59; with the socialist countries, 81; and with the developing countries, 109. The extent to which imports are covered by exports would be increased from 45.9 to 62.8 percent in trade with the developed Western countries, and would decline from 102 to 101.5 percent in trade with the socialist countries, and from 113.2 to 110.7 percent in trade with the developing countries.

All of the general associations and the OURs belonging to them should contribute to an increase in sales in foreign markets in 1983. A particularly high increase in exports is expected by the general associations of the tobacco industry (29 percent), nonferrous metallurgy (23 percent), the textile industry (18 percent), the printing industry (15 percent), the agricultural and food industry (12 percent), etc. Only the General Association for Ferrous Metallurgy believes that it will not reach this year's volume of exports. This would have to be the consequence of attempting to continue to process metals

in Yugoslavia and to have them exported as final products as much as possible (while ensuring that ferrous metallurgy has the foreign exchange necessary for importing raw materials). The General Association of the Metals Processing Industry would therefore reduce its imports, while for the most part, all of the other general associations would increase their purchases of foreign materials for the purpose of continuing production, especially the general associations of the tobacco industry, the tanning and printing industries, nonferrous metallurgy, the textile industry, etc.

In terms of value, the General Association of the Metals Processing Industry would be in first place with \$4,200,000,000 in exports, for the most part electrical machinery and equipment, followed by the textile manufacturers, the timber processing complex, and the chemical industry, with a little over \$1 billion, and agriculture, nonferrous metals, leather and shoes, etc. As for imported raw materials, oil and gas are followed in value by installation components and spare parts for the metals processing industry, followed by final products from ferrous metallurgy, semimanufactured rolled products, cotton, synthetic materials, organic chemistry products, etc.

The priority in imports would go to products required for continuing production, and imports of these would be 13 percent higher, while imports of consumer products would be maintained at approximately this year's level and imports of equipment would be considerably reduced (by 42 percent). From the developed Western countries, we would import at least \$500 million in equipment (more than a third of the total value which would have to be imported in 1983) in order to replace installations whose service life has already expired and which cannot be obtained from other countries. In view of the surplus in trade with the clearing area, the orientation toward increased imports of equipment from that area is justified (a total of \$700 million).

Half of the Foreign Exchange Earned to the Exporters

In drawing up the 1983 export and import programs, the general associations and divisions proceeded on the basis of full implementation of the ratios stipulated by the Draft Federal Resolution regarding the trends in the volume and structure of production, consumption, and all other factors crucial to Yugoslav trade with the rest of the world. It was still assumed that all of the mechanisms and instruments necessary for regulating the positions of the exporter and importer would be adopted in time, and that a reduction of consumption in the domestic market would not have a significant influence on an increase in prices.

In regard to this, it is important to ensure more funds for encouraging exports, as well as selectiveness in incentives, which would take into account the profitability of exports by world regions and commodity groups. It is also important to create a net foreign exchange result for exports and to carry out export obligations. Naturally, it is also necessary to establish the principles and mechanisms for the possession of foreign exchange; in addition to settling fixed and guaranteed obligations, priority should go to importing semimanufactured products for export-oriented production. Exporters should keep an average of at least 50 percent of the foreign exchange earned, in order to meet the requirements of continuing production.

Unified Financing of Imports

With respect to this, the plans for foreign economic relations should be derived from the plans of the OURs, which are mutually coordinated with the payment and foreign exchange balances for all of Yugoslavia, and not represent an assemblage of previously coordinated development documents of OURs for the areas of each republic and autonomous province. Likewise, the receipt and distribution of foreign exchange should be handled only at the level of the national economy, and in the framework of production entities firmly linked by their interests. It would thus not be suitable to divide unified associated labor in this regard into a part that has to exercise its rights in an integrated manner at the national level in the Interest Community of Yugoslavia, and another part that would have to exercise these rights within the framework of the SIZs of the republics and autonomous provinces for foreign economic relations, as provided by the latest version of the changes to the Law on Foreign Exchange Business and Credit Relations with Foreign Countries.

At any rate, the planning and satisfaction of the jointly established needs for financing and purchasing basic raw materials and semimanufactured products, as well as certain consumer commodities, is vital for supplying the market with essential products and carrying out the export program. It is therefore extremely necessary, on the basis of the material balances and the SASs of the economy concerned, to ensure unified financing and guide the importation of materials required for continuing production. In connection with this, absolute priority in the possession of foreign exchange should be given to the repayment of fixed and guaranteed obligations, payment for imports of raw materials and semimanufactured products needed for the production of commodities which are exported or used to meet the essential requirements of the domestic market.

9909

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JANKO SMOLE DISCUSSES FOREIGN DEBT

Zagreb DANAS in Serbo-Croatian 7 Dec 82 pp 9-10

[Interview with Janko Smole, minister without portfolio, by Djuro Zagorac:
"Janko Smole: We Will Pay Off the Debts!"; date and place not specified]

[Text] Is Yugoslavia Threatened With "Imminent Bankruptcy"?

At last week's meeting of the Federal Executive Council which adopted the proposal containing amendments and supplements to the Foreign Exchange Law, Mijat Sukovic, vice chairman of the Council, became ill and was carried off urgently to the hospital. This, they say, is the third time in the last 2 months that physicians have given emergency aid to members of the federal government.

The work pace of members of the SIV [Federal Executive Council] is killing. They are working virtually day and night, meetings are being held even during weekends. There are even some who are concerned, proposing that members of SIV be given compensation for risks to life.

Were this supplement to be introduced, then Janko Smole, who is officially a minister without portfolio, but has work duties which are "hazardous to life," would certainly deserve it. That is, Smole is the leader of the group which is concerned with Yugoslavia's external liquidity. In view of the difficulties we are having in this area, it is easy to understand the "hazards" to which Smole is exposed. Every debt denominated in foreign exchange is reported to his office, and numerous of our own and world bankers and business executives meet here almost every day. In addition they say of Smole that he is not motivated by the interests of his own republic and that for him everyone in Yugoslavia is equally important, and that also helps to augment his "dangers."

The external liquidity of our country and of the commercial banks continues to be very topical. News of our "imminent bankruptcy" is even being spread abroad. What does Janko Smole think about this, about our capabilities and prospects?

[Question] Recently, Comrade Smole, you declared in an interview with American newsmen that you hoped that our country will obtain new medium-term credits and thus make it easier to pay off the foreign debt. What can you say about this now?

[Answer] Yugoslavia's goal is to return to the medium-term and long-term capital market. In discussing the return to these capital markets, we should bear in mind that the situation on the international capital market at the moment is above all characterized by creditors' disinclination to invest in medium-term and long-term credit arrangements. By and large the reasons for this are well known. The entire international financial system is in a crisis.

The crisis of the international financial system is manifested mainly in the structural disequilibrium of the world economy and the constantly growing debt of the developing countries at a time when the recession in the advanced countries is shutting off prospects for fuller international cooperation aimed at development. The frequent rescheduling of debt is indicative of the possibility of a collapse of the international financial system and necessity for new approaches. In that kind of situation the international money and capital market is showing all the signs of nervousness, lack of confidence and restraint.

As for the attitudes of the international capital market toward us, it can be said that quite a few people have not been understanding and have displayed exaggerated restraint. The situation has not been helped by the inadequate and tardy circulation of important economic news and of our own information about current stabilization measures. This is creating certain difficulties for us with respect to concluding financial credits in the planned amount, which is affecting the effort to maintain our country's external liquidity and normal reproduction. One should be aware that we ourselves have also contributed to that situation in that a number of our banks were late in making payments due to foreign banks as well as because of the inadequate general financial discipline which has domestic roots. That is why we are endeavoring first of all to put our own house in order at the cost of great sacrifices so that confidence in us will be restored and access thus opened to the medium-term and long-term capital market. That is our goal, and we must strive to attain it within the coming year.

[Question] What is the mood at the moment on the international capital market and in financial circles concerning the difficulties of our commercial banks? Has the shaken confidence been restored?

[Answer] The present situation, in which our commercial banks find themselves in obtaining financial resources, primarily on the short-term capital market, indicates that they do not all have the same treatment. Our leading commercial banks, Jugobanka, Beogradska Banka, Ljubljanska Banka and Privredna Banka Sarajevo, which have so far always regularly discharged their obligations abroad, have been encountering certain difficulties which are above all an expression of a linear attitude on the part of the international capital market toward our commercial banks. This does not respect the complete independence of our commercial banks as entities in our decentralized system of self-management. There are, of course, also exceptions. This is demonstrated by the recent arrangement between five of our banks--Jugobank, Ljubljanska Banka, Beogradska Banka, Privredna Banka Sarajevo and Zagrebacka Banka--with American-Japanese banks on taking \$299 million of credit.

Nevertheless, our commercial banks ought to derive certain experience and draw certain lessons from the present situation in which they have found themselves. This applies above all to the present system and mechanism for borrowing abroad, which, particularly in the financial credit sector, has been rather liberal, and also with respect to certain solutions related to the banking system.

[Question] You are an opponent of the idea of our applying for a rescheduling of our obligations to foreign creditors. Can you explain to us in detail all the consequences that rescheduling the debt would have for us?

[Answer] This would bring about adverse long-term economic and political consequences for the country. We should be aware that in principle one can re-schedule only future debt, with inevitable consequences, but not debt that is already due, and that the financial market and creditors view rescheduling as an adverse measure resorted to by necessity and with adverse consequences. Yugoslavia has built up its reputation on the international financial market over a period of many years; to be sure, that confidence has now been diminished, but it would be lost altogether if the debt were rescheduled, which must not be allowed. Where construction of certain projects is running behind and where the reasons lie on both sides, a rescheduling of obligations is possible with consent of the interested partners (equipment suppliers, creditors and investors).

The Federal Executive Council has never given thought to this idea, although such advice has been coming to us very often from abroad, and the foreign press is also full of articles about the inevitability of "financial bankruptcy" and to the effect that our only salvation lies in rescheduling. We have even been offered "friends" with schedules already made up. We must unfortunately disappoint them, there will be no rescheduling!

[Question] Recently experts of the International Monetary Fund visited our country. Will that institution continue to support our economic stabilization program in the coming year?

[Answer] Our relations with the International Monetary Fund has traditionally been very good. So far we have always enjoyed their support, which we greatly appreciate. The results of that support have always been very important to us. The International Monetary Fund has been closely following our efforts and results in carrying out the stabilization program. The measures enacted recently were by and large favorably received in the IMF. This applies above all to the anti-inflationary program, the devaluation, as well as energy conservation measures and reduction of domestic demand. We hope that the results of consultations with the IMF mission will be favorable, and this will also be a favorable occasion to familiarize the Fund with our program of measures and actions in 1983.

[Question] There are quite a few critics of what is being referred to as the small foreign exchange law. What do you think about this legislation and will it be extended in the coming year as well?

[Answer] Under the given conditions it was indispensable to adopt that law. We adopted it as a temporary measure, aware of the defects of the solutions it contained. Yet on the whole the results of implementing that law have not borne out the expectation, for which there are two main reasons: first, the total influx of foreign exchange was smaller than anticipated, so that the setting aside of a certain percentage of foreign exchange did not yield the amounts planned, and second, there was a lack of discipline in performing legal obligations. In thinking about its fate in 1983 we should first insist on its being mandatory for all in performance of obligations prescribed by law, since otherwise irresponsibility and poor discipline will be rewarded. A reassessment should also be made of the expediency of extending the law in 1983 with its present solutions or modified solutions.

[Question] Are you in favor of solidarity in repaying foreign debt, or should each republic and province assume its own obligations?

[Answer] The socialization of debt is not the way to solve the problem. On the contrary, this would encourage an unthinking taking of credit abroad. I think we should continue to insist on strict respect for the principle that obligations be discharged by those who assume them. I moreover think that in the very mechanism for borrowing abroad and also in the foreign exchange law appropriate changes are needed in the sense of abandoning the self-management distribution of certain "rights" to contract such indebtedness and all those solutions which encourage regionalism and the involvement of political structures in the process of social reproduction. Associated labor should itself be the principal in borrowing abroad under the conditions of the unified Yugoslav market. That is, instead of joint and several liability in the repayment of debt, we should strive toward community in repaying debt on projects which have been planned and carried out jointly, that is, on projects which bring joint income. In examining this issue one should also be mindful of the fact that in accepting the cross default clause in contracts with foreign banks, all are ultimately guarantors one for the other.

[Question] The Federal Executive Council has adopted quite a few measures. Have certain constructive results been felt already?

[Answer] Although the measures of SIV are short-term and long-term in nature, it can be said that they have already yielded certain constructive effects. The outflow of foreign exchange from the country on the basis of shopping is down, and so is the outflow to import goods by Yugoslavs coming from abroad, and then the devaluation is bringing initial benefits for exports, and so on. Aside from these economic results, there has also been an essential change in the behavior of individuals and other entities in our society.

[Question] It is easy to see that SIV is in agreement and united in defining the main directions of economic policy. What is the situation when specific measures are being adopted, when the topic of prices comes up, for example?

[Answer] Unity of views in defining the main directions of economic policy would not be true unity if it were not accompanied by unity in implementing specific measures. It is understandable that there are differences of view

and indeed even opposed views when specific solutions are being prepared. The different views are reconciled by presentation of argument and democratic debate.

[Question] The amendments and supplements to the Foreign Exchange Law have been prepared.

[Answer] The amendments and supplements to the Foreign Exchange Law, which is one of the most important laws embodying our system, ought to be aimed at affirmation of the dinar as the national currency, the sole means of payment and evaluation of income, as well as removing barriers to augmentation of exports. It is well known that some of the solutions that law has so far contained have objectively signified that it was almost impossible to conduct an export transaction involving organizations of associated labor from different republics or provinces, and if by some chance there was also a need to import, then nothing at all would come of the transaction. We must likewise open up room for joint ventures and cooperation, to create and develop joint financial organizations, mixed [Yugoslav-foreign] banks and the like, since this is the best way to achieve our closer economic ties with the world.

[Question] Will we come out safe and sound on the other side of all the difficulties before us? We are thinking above all of foreign obligations.

[Answer] We have drawn a very important lesson from the present situation with respect to obtaining financial resources. In future all the planning of financial and other resources to be obtained abroad must be extremely realistic and bound up with the capabilities for repaying the credit, since we have seen that unrealistic optimism has no place here. I think that realism and reliance on our own resources, along with the mobilization of all our potential in terms of physical resources and personnel, constitute a guarantee that we will successfully overcome all the difficulties. In any case, to put it simply, we must settle all the foreign debts which have come due.

It is quite clear that we will still have difficulties for a long time in paying off those debts. It is also clear that our capabilities and determination to discharge all our obligations are underestimated. In this connection we are seeking from our creditors only the treatment appropriate to an equal trading partner, and nothing more!

7045

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KECMANOVIC DISCUSSES INTEGRATION OF YUGOSLAVIA

Zagreb DANAS in Serbo-Croatian 7 Dec 82 pp 11-13

[Article by Dr Nenad I. Kecmanovic: "Community Without Quotas: Is There Now a More Mature Awareness of the Need To Strengthen Yugoslav Integration"]

[Text] Krleza once said "God preserve me from Serbian heroism and Croatian culture," and we might add: and also Bosnian orthodoxy, and Montenegrin bravery and Slovenian enterprise, and so on. In more or less every one of our communities there are so-called ethnocentric prejudices which are a part of the national tradition and folklore, but they are also being carried over to the present time. It is merely a question of how this is done. The wholesome national wit confines such things to anecdotes, like the one about the thumb tack on a seat in some federal policy-making body. When the Serb sat down, he jumped up and accused everyone of separatism. The Croat called for help and said that the Serb had placed it in his chair out of unitaristic motives, the practical Slovenian took the thumb tack home with him, and the Bosnian sat down without a word, supposing it to be a directive....

Unfortunately, there are also less jocular forms of evoking stereotypes, which evoke mutual intolerance instead of a sobering ironic chuckle at ourselves. But these recrudescences of interethnic tension never come spontaneously from the grass roots, but are always a by-product of manipulation by bureaucratized segments of the economic and cultural, and especially political superstructure. "What is it that most arouses nationalistic sentiments?" The typical response to this question, which was put in a poll taken this summer by the newspaper POLITIKA (11 June 1982), went like this: "Some of our political figures insist as much as they do on the differences and peculiarities of their region and the economic threat to their own area only in order to promote themselves as saviors of their own nationality. If certain people in distinguished positions behaved more consistently, if they insisted less on what divides us and looked for connecting links, we would have a different atmosphere." Of course, the question immediately arises: What were the motives of those who advocated that kind of behavior however few they might possibly have been?

Awkward Questions

The most relevant motive for this kind of manipulation of the masses of people is related to the difficulties in which we find ourselves right now. For all

the willingness to assume the burden of the stabilization and for all the optimism that this will be crowned with success--which our politicians often say with satisfaction--there has been growing resentment, let us be realistic, that this occurred at all. We are dealing here with constructive criticism from below, which is being articulated through the institutions of the system of democratic pluralism of socialist self-managing interests. Through the news media, especially the press, what are referred to as awkward questions are being put, personal accountability is being sought, incompetence and mistakes are being identified, abuses are being enumerated, and resignations are awaited. This is not to the liking of some, of course, and they use the old bureaucratic trick of setting the regional interest in opposition to the class interest. The crisis has supposedly not been caused by the willful technobureaucratic usurpation of the self-management rights of associated labor, but the other republics and provinces and especially the Federation are to blame for everything.

In this way local centers of alienated political power have been endeavoring to redirect the augmented disgust of the masses from themselves to someone else. In the area occupied by Yugoslavia this is not a particularly original device, since it has behind it a rich tradition in diverse variations before the war and also in the more recent past (for example, the mass movement [in Croatia 1971]). The only innovation is that today it is the regional rather than the national interest that is set in opposition to the class interest. Janko Pleterski recently asked the cynical question: "If the working class has been set up everywhere as a national working class, do we then in Yugoslavia have one working class or the same number as we have nationalities" and we might modify the question a bit: If the representatives of the republic and provinces confront one another in the name of the interests of the working class and direct producers of their own constituency, does that mean that there are 6 + 2 working classes in the SFRY? As statism has become stronger in the smaller geographic units, we might also anticipate hundreds of opstina proletariats. Our government, that is, has not been organized on the national principle, but on the regional principle, so that the national leaders are not so relevant as the leaders of the republics and provinces. Each of them wants to be a little god in his own backyard and to establish behind his fence absolute sovereignty over his subjects, and so he flies into true fits of anger at any intervention from some other community. So long as everyone arranges his affairs without hindrance behind his own shutters, and the others tacitly approve, they are developing good neighborly understanding and cooperation.

But as soon as they begin to insist on a common interest which presupposes mutual concessions, they get a panicky feeling that someone is shortening the legs of the chairs they are sitting on. Moreover, they do not care what nationality their subjects belong to, nor do they pay much heed to their own ethnic identity. The example of the irredenta in Kosovo has shown us that Albanian nationalism was wholeheartedly supported even by the Serbian and Montenegrin personnel in the provincial political elite. The crisis in Kosovo did not break out dramatically into the open because of a rebellion by those who were threatened, but because those who wielded alienated power wished to expand it and strengthen it by extorting the prerogatives of the republic--through the pressure of the manipulated segment of the Albanian youth shouting "Kosovo a Republic."

The Greatest Problem

Insofar as we are more or less ethnically intermixed nearly everywhere in the country, the ethnic component even has the effect of promoting Yugoslav integration by contrast with the disintegrative and separatist aspirations of republic and provincial statism. The feeling of ethnic membership in the nucleus of one's nationality in another republic is becoming a large stumbling block for the regional bureaucracy, which wanted every one of its subjects to identify fully and without reservation with the boundaries of its own sovereignty. Every national or Yugoslav sentiment which transcends that framework is a dangerous centrifugal force which needs to be nipped in the bud. That is why we note in demographic movements between the two censuses occurrence of the "Kosovo syndrome"--migration in the direction of the greatest concentration of members of the same nationality--more or less throughout Yugoslavia.

Nor is it any wonder, since the ideologues of republic-provincial statist exclusiveness insist that the Serb in Bosnia is something altogether different from the Serb in Serbia, that the Moslem in Macedonia is ultimately a Macedonian of the Islamic faith, that a Croat, if he wants to enjoy the blessings of the Slovenian standard of living permanently, should assimilate at least in the second generation, that the Montenegrin born in Belgrade is actually a Serb who was just brought up in the traditions native to the region of the "Mountain Wreath." They simply want to denationalize along territorial lines, that is, along the lines of the republics and provinces, every ethnic group which is not native to the given administrative area or is not the most numerous. They do not want a community (nor a spirit of community) of ethnically fraternal and unified (brotherhood and unity) self-managers, but rather they want their own state, as strong as possible, of obedient subjects which will figure as an international partner of others cut to a similar pattern. Some of these bureaucrats simply seem to have an ambition to become statesmen and to make a United Nations out of the Federation. Nevertheless, it is certainly the Yugoslavs who are the greatest problem, especially since their number is increasing at a dizzying rate (in Croatia alone it increased tenfold in 10 years), which is why they constantly dispute that category. Presumably that accounts for the established custom that whenever we mention Yugoslavism, we always feel a need to apologize by saying we were not thinking of the unitaristic meaning of that term. On the other hand when we use the words "republic" or "national," no one expects us to qualify this by saying that we were not speaking in the separatistic or nationalistic sense.

Confederal Tendencies

And while the spirit of Yugoslavism has increased very rapidly in the people at large since Tito's death, an awareness that we must make up for the loss of that embodiment of our brotherhood and unity and symbol of our mutual ties through still greater community and solidarity, now when it is most difficult for all of us, it apparently seems to individuals that there is no longer an authority which could render judgment in the conflict of their ambitions for everyone to do as he likes in his own backyard. And the greatest paradox of all is that the ideologues of republic-provincial statism respond to every criticism: "that is an attack on the principles of AVNOJ [Antifascist Council

of the National Liberation of Yugoslavia]," as though those principles were thought up yesterday and were not just as old as the new Yugoslavia. Since 1945 this country has been organized on the principles of AVNOJ, so that ever since the liberation there have been these same federal republics and provinces, but the hypertrophy of their statehood and self-sufficiency, which produces autarky and isolationism and leads to disintegration, is something belonging to more recent practice, which was not outlined either by the constitution or by Tito's career.

There is the question, then, of where in the continuous addition to our federal system we opened up space to the penetration of confederal tendencies in practice? It is certain that we cannot seek the answer along the line of the reflections which have been expressed even in the pages of this newspaper, according to some of which everything has gone wrong since the constitutional arrangements adopted in 1974, while according to others it is the reverse: up until 1974 Yugoslavia was a virtual dungeon for the nationalities, and it was the top federal leadership that arbitrarily jangled its keys. But it is equally certain that republic-provincial statism is today the greatest burden, and that applies as much to class emancipation as to national emancipation of the working people and citizens. That is, both unity (of the working class) and community (of the nationalities and ethnic minorities) have constantly run up against our internal borders which were made thicker so that we might be better joined together through self-management and on an equal footing, but which in reality, it seems, are dividing us still more through bureaucracy and inequality. The grass roots in the system of self-management, which is imbued with the spirit of Yugoslavism, is cramped within the limits of the basic organization of associated labor, and the higher levels of linkage have by and large been entrusted to intermediaries in the economy and in politics. That is why Ribicic rightly said a few days ago that "many disagreements among the republics and provinces have occurred because we did not arrive at agreement as self-managers, as associated labor, through delegate assemblies and other forms of self-management association and conclusion of social compacts, but have taken up the problems through the government-political representatives of the nationalities and of the republics and provinces."

However, to the extent that this unfavorable relationship between the statist and self-management pathways of integration is not exclusively the fruit of a subjectivist departure from the system, but also of associated labor's objective immaturity for performing the role which belongs to it in the system, the ideological and ethical profile of political representatives has taken on paramount importance. And the constant flirtation with the thesis that our entire problem lies in the fact that the grass roots of self-management refuse to take everything in their own hands is assuming the character of manipulation. That is, however accurate it might be that our strategic orientation must be direct exercise of power by the working class, until the economic, cultural and political prerequisites for that exist in terms of real history, the producer structure cannot assume full responsibility for social development.

That is why it not uncommonly happens that even our greatest bureaucrats wholeheartedly support the most democratic norms provided it is acknowledged

that they cannot be filled with social contents for a long time. When we engage in theoretical discussion, then we are always aware that self-management is a process, but as soon as we move on to political discussions, it turns out that it is now something ready-made or at least it is difficult for us to recognize the specific indicators of what we have accomplished and what still remain for us to do.

Critical Fires

Recently we have been setting up commissions at the highest government-party level to assuage the unhappy awareness that in spite of the correctness of the basic commitments which we confirmed once again in the congress, there is still a great deal of this that has to be changed: the Krajger Commission for the problems of the economic system, and we will also have a Pasic Commission for the problems of the political system, nor would it be a bad idea to give some thought to some similar commission for the problems of our cultural life, which in its way is generating an atmosphere of crisis for unity and community. A postulate, say, which is altogether acceptable in principle, to the effect that everyone should first of all be self-critical toward the mistakes and deviations in his own nationality and own republic and province, which we long ago proclaimed as an important guideline in interethnic and interrepublic relations, has been compromised in practice. It was first erroneously translated into the position that every nationality is entitled to criticize only its own fellow members (members of that same nationality) and its own fellow citizens (those who come under the jurisdiction of that same republic state), while diplomatic silence should prevail concerning others.

However, since, as we have already said, the regional bureaucracies which have been unbendingly defending their own untouchability by redirecting criticism over the borders of their regional sovereignty do not allow reproaches addressed to them, while they tolerate reproaches of others, the situation has been turned upside-down. You can argue all you like with people and events in other communities, but least of all in your own, and in some places not at all. However, it has turned out that this inversion of the initial principle has been very fruitful in terms of criticism. The abundance of the critical cross fire, regardless of the small-scale outbreaks of maliciousness, has objectively proven to be a worthwhile way of calling each other's attention to freedom. Finally, even psychologically it is quite understandable that we all note faults in others better than we see them in the bathroom mirror, so that a frank reproach from the person next to you should be taken as well-meaning, friendly sincerity. But nothing of the kind, the bureaucrat sees this as an attack on his own constitutional prerogatives, and the more apt the criticism, the more nervously he reacts with the words: "That is paternalism, that is hegemonism, what does it have to do with you, this is our affair, mind your own business...." If such things happen frequently, virtual diplomatic incidents break out, and it is difficult to remember that the reply to criticism "from outside" was: Thank you, comrades from a fraternal republic, for having called our attention to certain cases of our one-sidedness. This sounds almost naive-Utopian, since we have come to find it almost unimaginable, for example, that Sarajevo would answer critical articles in the Belgrade press with approval, rather than on the defensive, that is, that such relations should be nurtured bilaterally between all the centers of our republics and provinces.

Although it is certainly an unacceptable thesis that history is made by summit meetings of politicians, one would say that the Third Plenum of the LCY Central Committee did mark a turning point when it finally expressed a mature awareness of the need for a higher degree of Yugoslav integration in the sense of a strengthening of unity and community. Ribicic's words in the introductory address resounded particularly: "In our multinational community the republic and provincial leadership bodies should conduct a jointly established Yugoslav policy regardless of whether that suits their interests of the moment...." And Popit was still more explicit and demanded that the Presidium of the LCY Central Committee make the leadership bodies of the republics accountable. It is a good thing that it is the Slovenian figures who are insisting on this, since often the nationalistic-separatistic turn of phrase is passed off: the Slovenians live better than the rest and are interested in Yugoslavia only as a territory for utilizing its comparative advantages.

7045

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ERRATUM: This article is republished from JPRS 82687 of 20 January 1983, No 2359 of this series, pp 170-174 to provide three charts.

YUGOSLAVIA

DATA ON OIL REFINERY PRODUCTION IN 1981

Zagreb NAFTA in Serbo-Croatian No 9, Sep 82 pp 495-498

[Article by Vilim Boranic]

[Text] The operations of oil refineries was even more complicated in 1981 than in the preceding year, because the reduced imports of crude oil were irregular and untimely, while further price increases of crude oil, supplementary and reproduction materials, as well as controlled prices for finished products, had a negative impact on operational economics.

According to preliminary available data on refinery operations of the General Association of Petroleum Processing Organizations of Yugoslavia for 1981, an analysis has been prepared of petroleum processing as a whole, without entering into specific problems of individual refineries.

It should be noted that in some categories the data for 1980 differ from those published in NAFTA, No 32 (Jun 81) pp 286-289, for they were of a preliminary nature at that time as well.

In 1981 a total of 13,401,000 tons of crude oil were processed, compared to 14,797,000 in 1980, representing a decrease of 1,391,000 tons, or 5.7 percent. The quantity of processed oil at 13,401,000 tons was less than that processed in 1977, when 13,835,000 tons were processed. In 1979, 15,821,000 tons were processed, representing the highest production record; since then crude oil processing has been declining.

Other than available quantities of domestic oil, the refineries also processed imported oil. The influx of imported oil was not only reduced, and that only partially for financial reasons, but it was also irregular, so that at times it was necessary to ration certain amounts of finished products. In 1981 10,163,000 tons of crude oil were imported, compared to 10,609,000 tons in the preceding year. Imported oil was distributed according to the contracts of the refineries, while domestic oil was processed by refineries that were favorably located near the oil fields.

Capacity for primary crude oil processing totaled 25.5 million tons in 1981, so that on the average that capacity was only 52.6 percent utilized.

In 1980 utilization was at 58 percent of capacity. That poor use of capacity for primary petroleum processing had a crucial impact on use of secondary processing capacities, that is, on use of installation capacity where the products of primary refining are processed and perfected, and naturally as well on the economics of the overall refinery operations.

Table 1 shows the production of major groups of products, which as heretofore have been grouped according to features of processed petroleum, then according to market uses. These categories vary greatly in the winter months as opposed to summer. The table shows separate categories for production for the market, internal use by refineries and processing losses.

Table 1. Yields of Oil Refining and Product Types in Yugoslavia

(1) Proizvod	1980		1981		(2) Indeks
	10 ³ t	%	10 ³ t	%	
(3) Motorni benzin	2 218	14,4	2 079	15,5	93,7
(4) Gorivo za ml. motore i petrolej	334	2,2	305	2,3	91,3
(5) Dizel gorivo, ulje za loženje za domaćinstva i ekstra lako ulje za loženje	4 022	26,1	3 536	26,3	87,9
(6) Ulje za loženje	4 687	30,4	3 852	28,7	82,2
(7) Bitumen	643	4,2	581	4,3	90,4
(8) Primarni benzin	1 030	6,7	659	4,9	64,0
(9) Ostali proizvodi	1 264	8,2	1 284	9,5	101,6
(10) Ukupno za tržište	14 198	92,2	12 296	91,5	86,6
(11) Vlastita potrošnja	951	6,2	920	6,8	96,7
(12) Gubici prerade	250	1,6	223	1,7	88,9
(13) Preradena nafta i dodaci	15 399	100,0	13 439	100,0	87,2

Key: 1. Product
2. Index
3. Gasoline
4. Fuel for jet engines and kerosene
5. Diesel fuel, domestic heating oil and extra-light heating oil
6. Heating oil
7. Bitumin
8. Primary benzine
9. Other products
10. Total for the market
11. Internal consumption
12. Processing losses
13. Processed petroleum and additives

As the table shows, in 1981 the total processed petroleum and additives was 13,439,000 tons, compared to 15,339,000 in 1980, or fully 2 million tons in the preceding year, representing a 13.4 percent drop. The share of production for the market in total processing was 91.5 percent in 1981, compared to 92.2 percent in 1980. The shares of individual products in 1981 did not differ markedly from those of 1980. The greatest differences were in gasoline, where the percentage grew from 14.4 to 15.5 while heating oil fell from 30.4 to 28.7 percent. Also declining was the share of primary benzine (4.9 percent compared to 1980's 6.7 percent), while the share of so-called other products grew from 8.2 to 9.5 percent.

Production of gasoline amounted to 2,079,000 tons in 1981, compared to 2,218,000 tons in 1980, representing a decrease of 139,000 tons or 6.3

percent. Yet since a smaller total amount of crude oil was processed, the share of gasoline in total production grew from 14.4 percent in 1980 to 15.5 percent in 1981. That increase in proportion came partly at the expense of primary benzine production which fell from 6.7 percent of the total in 1980 to 4.9 percent in 1981. Absolute figures for that product were 1,030,000 tons in 1980 and only 659,000 tons in 1981, or 36 percent less.

Production of jet engine fuel and kerosene declined in 1981 by 8.7% compared to 1980; in 1980 334,000 tons were produced, while in 1981 the figure was 305,000 tons, or 29,000 tons less. Their share of total production grew from 2.2 to 2.3 percent.

The group called intermediate distillates, eg., diesel fuels, heating oils and extralight heating oils, accounted for 3,536,000 tons of production in 1981, which was 486,000 tons less than the 1980 production of 4,022,000 tons, or 12.1 percent less. Their share of total production, however, grew insignificantly from 26.1 to 26.3 percent (because of variations in total crude oil processed).

Production of residual-type heating oil, so-called mazut, amounted to 3,852,000 tons in 1981, compared to 4,687,000 tons in 1980. This was 835,000 tons or 17.8 percent less than the 1980 total; its share in total processed petroleum fell from 30.4 percent in 1980 to 28.7 percent in 1981. Next to the 36 percent decline in primary benzine production, the fall in heating oil production by 17.8 percent is the greatest decline, since the decline in production of other product categories was lesser.

Asphalt or bitumen production also suffered a decline, of 9.6 percent compared to 1980, when 643,000 tons were produced. In 1981 total production was 581,000 tons, or 62,000 tons less. Its share in total processing was essentially the same in 1981 as in the preceding year, that is, 4.3 percent in 1981 compared to 4.2 percent in 1980.

Production of other products, such as liquid propane, special benzines, white spirit, aromatics, lubricants, paraffin and petroleum coke amounted in 1981 to a total of 1,284,000 tons, compared to 1,264,000 tons in 1980, thus showing an increase of 1.6 percent or 20,000 tons. For this reason their share of total consumption increases from 8.2 to 9.5 percent. In sum, while smaller total amounts of crude oil were processed in 1981, the refineries managed to produce generally larger amounts of higher quality products.

Internal consumption by the refineries decreased in 1981 by 31,000 tons; from 951,000 tons in 1980 to 920,000 tons in 1981, or by 3.3 percent. On the other hand, the share of this consumption in total processing grew from 6.2 to 6.8 percent. Taking the low utilization of capacity into account, and the irregularity of deliveries, the 6.8 percent figure for internal consumption can be regarded as favorable. A similar status is true for processing losses, which despite all the difficulties surrounding crude oil processing fell from 250,000 tons to 223,000 tons, dropping

27,000 tons or 11.1 percent. The share of processing losses remained essentially the same, amounting to 1.6 percent in 1980 and 1.7 percent in 1981.

Table 2. Proportions of Principal Petroleum Processing Products

Grupa proizvoda (1)	1980		1981		(2) Indeks
	10 ³ t	%	10 ³ t	%	
Motorni i primarni benzin (3)	3 248	21,1	2 738	20,4	84,3
Srednji destilati (4)	4 356	28,3	3 841	28,6	88,2
Rezidualni proizvodi (5)	6 281	40,8	5 353	39,8	84,9
Ostali proizvodi i gubitak (6)	1 514	9,8	1 507	11,2	99,5
Prerađena nafta i dodaci (7)	15 399	100,0	13 439	100,0	87,2

Key: 1. Product group
2. Index
3. Gasoline
4. Intermediate distillates
5. Residual products
6. Other products and losses
7. Processed petroleum and additives

Table 3. Ratios of Energy and Non-Energy Products

Grupa proizvoda (1)	1980		1981		(2) Indeks
	10 ³ t	%	10 ³ t	%	
Energetski proizvodi (3)	12 212	79,3	10 692	79,6	87,6
Neenergetski proizvodi (4)	3 187	20,7	2 747	20,4	86,2
Prerađena nafta i dodaci (5)	15 399	100,0	13 439	100,0	87,2

Key: 1. Product group
2. Index
3. Energy products
4. Non-energy products
5. Processed petroleum and additives

Table 2 shows relationships in production of four groups of products: gasoline and primary benzine; intermediate distillates, such as jet engine fuel and kerosene, diesel fuel, domestic heating oil and extra-light heating oil; residual products, ie., heating oil together with internal refinery use and asphalt; and other products and losses.

As the table shows, all four groups saw less production in 1981 than in the preceding year. The greatest production decline, of 928,000 tons, was in residual products (heating oil and asphalt), while the smallest decrease came in "other products," with a 7,000 ton decrease. In percentage terms the largest decline was in gasoline and primary benzine, which fell 15.7 percent. Due to variations in production declines that shares of individual product groups in overall processing also changed. The share of benzine fell from 21.1 percent in 1980 to 20.4 percent in 1981. The share of residual products fell by 1 percent from 40.8 to 39.8 percent. It should be pointed out that in 1979 that share was 41.6 percent. The share of intermediate distillates remained essentially the same for the

2 years, at 28.3 percent in 1980 and 28.6 percent in 1981. In percentage terms the greatest variation came with "other products," even though the absolute difference was only 7,000 tons; their share of total production in 1980 was 9.8 percent, but in 1981 it rose to 11.2 percent.

The picture appears somewhat different when the production data are divided into energy and non-energy categories. That is presented in Table 3, where the distribution is the following: energy products, including gasoline, intermediate distillates, and heating oil for internal use; and non-energy products, such as primary benzine, asphalt, other products and losses. That table suggests the following conclusions:

In 1981 the refineries processed 1,960,000 tons less crude oil. The flow to the refineries was irregular, which hampered operational continuity of facilities for primary processing and caused irregular utilization of secondary processing facilities.

Because of the divergence between refinery production and demand, particularly for energy-type products, production of non-energy products was somewhat less in terms of percentage in 1981 than in 1980.

To be specific, in 1980 the share of non-energy products was 20.7 percent, while in 1981 it was 20.4 percent. The absolute quantities of non-energy products totaled 3,187,000 tons in 1980, and 2,747,000 tons in 1981, or 440,000 tons (13.8 percent) less.

Production of energy products, which were almost constantly in short supply on the market, fell from 12,212,000 tons in 1980 to 10,692,000 tons in 1981, representing a drop of 1,520,000 tons or 12.4 percent.

The share of energy products in total production increased insignificantly, from 79.3 percent in 1980 to 79.6 percent in 1981.

Although in 1981 the refineries worked under extremely difficult conditions, they still accomplished their lasting objective of maintaining the quality of their products at the high level already achieved, in accordance with the requirements of consumers. Besides that, they strove by their work to hold atmospheric pollution to the lowest possible level.

Other than in crude oil processing, 1981 was also difficult for the refineries in the area of expanding final processing, so that because of their financial situation the construction of several new facilities by the refineries was slowed, and the schedule for their initial operations in regular production set back.

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this series, pp 175-179 to provide four
charts.

YUGOSLAVIA

CONSUMPTION OF OIL PRODUCTS IN 1981

Zagreb NAFTA in Serbo-Croatian No 9, Sep 82 pp 499-502

[Article by Vojtjeh Brajcic]

[Text] Last year the Yugoslav market for petroleum derivatives saw significant new price increases, but those prices were unable to limit consumption to the bounds of reduced available quantities of derivatives.

The prices for petroleum derivatives grew by a nominal 45-75 percent compared to the preceding year. If we correct this value by the overall growth rate in consumer prices, we see an actual price rise for gasoline of 14 percent, the same for diesel fuel, 21 percent for domestic heating oil and 35 percent for heavy heating oil. (Table 4).

With a fluctuation coefficient for gasoline of 0.3, it would be realistic to expect a decline in consumption per vehicle of 5 percent, which in general did occur.

Consumption per private vehicle, excluding consumption of other vehicles and foreign private cars, amounted to 643 kg in 1981, compared to 688 in 1980. Compared to the last pre-crisis year of 1973, when consumption per vehicle was 929 kg, this decrease amounts to 31 percent. In this manner Yugoslavia has found itself at the bottom of the scale in average per vehicle consumption among European countries.

According to data of the Federal Statistical Office, 241,000 cars were produced in Yugoslavia in 1981, of which about 35,000 were exported, while about 30,000 were imported. If we take attrition of old vehicles into account, we can estimate that there were about 2,570,000 private cars registered in Yugoslavia in 1981, compared to 2,341,000 cars the previous year, representing only a 5.7 percent increase.

The Yugoslav border was crossed by 8.1 million foreign vehicles in 1981, compared to 7.8 million in 1980, representing a 4 percent increase.

The number of foreign tourists increased by 3 percent, while the number of overnight stays by foreign tourists grew by 8 percent. Gasoline sales in this sector grew by about 3-4 percent, and it is estimated to account for about 300,000 tons or 14 percent of total gasoline consumption in Yugoslavia.

In 1981 a total of 2,147,000 tons of gasoline was sold, compared to 2,118,000 tons in 1980, a 1 percent increase.

A restriction on consumption also resulted from prices for domestic heating oil, which rose from 9.93 dinars per kg in 1980 to 15.53 dinars in 1981, a 56 percent increase. The real price increase corrected for overall inflation amounted to 21 percent.

With a fluctuation coefficient of about 0.4 in this case, a decline in consumption of about 10 percent could have been expected, at least as far as retail consumption, which accounts for about 70 percent of consumption of this derivative. On the average, considering that the prices had no marked effect on a decline in consumption in the social sector, it would have been realistic to expect a decline in extra-light heating oil consumption of 5 percent. The actual drop in consumption, however, was 12 percent, which certainly contributed to the constant shortages of this product, especially during the season of most use. The total consumption of extra-light heating oil in 1981 amounted to 1,490,000 tons, compared to 1,695,000 tons in 1980.

Table 1. Production of Petroleum Products in Yugoslavia

(000 tona)

Artikli (a)	1978.	1979.	1980.	1981.	(b) Index		(c) Struktura	
					80/79	81/80	1980.	1981.
1. Primarni benzin	172	272	424	602	156	142	1,6	4,1
2. Aviobenzin	16	18	18	18	100	100	0,1	0,4
3. MB 86 oct.	588	572	506	516	88	102	3,4	3,6
4. MB 98 oct	1.746	1.757	1.612	1.625	92	101	10,6	11,2
Ukup. mot. ben. (3 + 4) (d)	2.334	2.329	2.118	2.141	91	101	14,0	14,8
5. Spec. benzin i white spirit	69	70	64	78	91	122	0,4	0,5
6. Petroleji i MG	318	345	251	339	102	97	2,1	2,3
7. Dizel gorivo	2.693	3.005	2.949	2.846	98	97	18,0	19,6
8. Ekstra lako i spec.	1.777	1.797	1.695	1.490	94	88	10,8	10,3
Ukup. plin. ulja (7 + 8) (e)	4.470	4.802	4.644	4.326	97	93	28,8	29,9
9. Loživo ulje	6.391	6.862	6.293	5.355	92	85	42,4	36,9
Bez vlastite potroš. (rafinerija) (f)	5.746	6.373	5.785	4.671	91	81	—	—
10. Bitumen	643	785	638	613	81	96	4,7	4,2
11. Motorna ulja	109	114	111	110	97	99	0,7	0,8
12. Industrijska ulja	226	247	254	298	103	117	1,5	2,0
13. Industrijske masti	9	10	10	10	100	100	0,1	0,1
14. Parafini	9	10	11	14	110	127	0,1	0,1
15. Plin	414	413	392	436	95	111	2,5	3,0
16. Ostalo	144	107	179	(180)	167	100	1,0	1,0
SVEUKUPNO (g)	15.324	16.383	15.507	14.530	95	94	100	100
Energetska potr.(h)	14.944	14.749	13.816	12.625	94	91	90,0	86,9
Neenergetska potr.(i)	1.380	1.634	1.691	1.905	103	113	10,0	13,1

(j) Podaci o prodaji članica poslovnih zajednica »Nafta«, Zagreb i »Petrolunion«, Beograd.

NAPOMENA: 1. Uključena vlastita potrošnja rafinerija i bunker brodova i aviona

2. U motorne benzine uključen je MB 86 oct. i MB 98 oct.

3. Za grupu »plinska ulja« osim dizel goriva uključeno je ekstralako loživo ulje za domaćinstvo i specijalno loživo ulje za industriju

4. U »loživo ulje« je uključeno lako, srednje i teško loživo ulje

5. U »ostale derivate« uključeni su aromati, petrol-koks i dr.

6. U zagradi ocjena

Key: a. Product

b. Index

c. Structure

1. Primary benzine

2. Aviation fuel

3. 86 octane gasoline

4. 98 octane gasoline

d. Total gasoline (3 + 4)

5. Special benzine and white spirit

6. Kerosene and jet fuel

7. Diesel fuel

8. Extra-light and special oil

e. Total diesel-type fuels (7 + 8)

9. Heating oil

f. Production of refineries without internal use

10. Asphalt

11. Motor oils

12. Industrial oils

13. Industrial lubricants

14. Paraffins

- | | |
|-----------------------|--|
| 15. Gas | i. Non-energy consumption |
| 16. Other products | j. Data on sales from members of the NAFTA commercial association, Zagreb, and the PETROLUNION association, Belgrade |
| g. TOTAL | |
| h. Energy Consumption | |

- Note:
1. Figures include internal consumption by refineries, tankers and airplanes.
 2. Motor fuels or gasolines include 86 octane and 98 octane fuels.
 3. The group "liquid fuels" includes diesel fuels along with extra-light domestic heating oil and special industrial heating oil.
 4. "Heating oil" includes light, medium and heavy heating oil.
 5. "Other derivatives" includes aromatics, petroleum coke, etc.
 6. Bracketed figures are estimates.

Nominal prices for diesel fuels rose by 47 percent last year, while the real adjusted price increase was about 14 percent. With a fluctuation coefficient of 0.1, a decline in consumption of up to 2 percent was anticipated. The actual decline was 3 percent.

The number of trucks in 1981 increased by 17,450 vehicles produced domestically and about 3,000 imported vehicles. The number of tractors grew from 297,000 in 1980 to about 325,000 in 1981.

The activity of highway traffic in 1981 held the same share of total travel as in the preceding year; it totaled 45.9 billion passenger kilometers. Cargo traffic in 1981 amounted to 21.5 billion ton-kilometers, compared to 20.9 billion in 1980 or 3 percent higher. All of these data together combined in terms of consumption brought total use of 2,846,000 tons in 1981 compared to 2,949,000 tons in 1980, or 3 percent less.

Prices for mazut in 1981 grew nominally by 74 percent from 4.62 to 8.03 dinars per kilogram. A more significant impact on consumption of this heavy oil came from chronic shortages, combined with a relatively favorable hydrological situation in the beginning of 1981, which made possible significant savings of mazut at thermoelectric power plants.

In the same way, last year saw increased consumption of natural gas compared to 1980 by some 850 million cubic meters, which objectively could replace 800-900,000 tons of mazut. This factor also contributed to a reduction in consumption of heating oil in Yugoslavia.

Under these circumstances, mazut consumption in 1981 was reduced to 5,355,000 tons, compared to 6,293,000 tons in 1980.

Less asphalt was also used in 1981 than in the preceding year. A total of 613,000 tons for 1981 compared to 638,000 tons in 1980 represents a 4 percent reduction.

Motor oil sales totaled 110,000 (tons?), a 1 percent decline. The share of motor oils in gasoline and diesel fuel figures continues to decline, amounting in 1981 to only 2.2 percent. This figure is approaching the normally expected percentages of developed countries (1.7-1.9 percent).

Industrial oils and lubricants accounted for 308,000 tons, or 17 percent more. Sales of jet fuel fell by 3 percent from 351,000 to 339,000 tons. Unfavorable prices and shortages of this product had a significant impact on consumption by foreign airlines.

Shortages of liquid gas on the domestic market were felt particularly in winter months, but the total sales were still 436,000 tons, or 11 percent more than the preceding year.

In 1981 the Yugoslav market consumed a total of 14,530,000 tons of petroleum derivatives, compared to 15,507,000 tons in 1980, or 6 percent less (Table 1).

Table 2. Imports of Oil Products Into Yugoslavia (1,000 tons)

(2) (u 000 tona)

Proizvod (1)	1978.	1979.	1980.	1981.	Index	
					81/80	81/78
Plinsko ulje (3)	219	106	201	85	42	38
Ulje za loženje (4)	961	1.015	695	824	119	86

(5) (u mil. din)

Plinsko ulje (6)	504	532	1.779	703	40	140
Ulje za loženje (7)	1.478	2.474	3.530	4.559	129	308

(8) Prosječna cijena u din za kg

Plinsko ulje (9)	2,30	5,02	8,85	8,27	93	360
Ulje za loženje (10)	1,53	2,44	5,08	5,53	109	361

IZVOR: Index 2/82 SZS Beograd

- Key:
- | | |
|----------------------------------|---|
| 1. Product | 6. Liquid gas |
| 2. Index | 7. Heating oil |
| 3. Liquid gas | 8. Average price in dinars per kilogram |
| 4. Heating oil | 9. Liquid gas |
| 5. Imports in millions of dinars | 10. Heating oil |

Source: Index 2, 1982, Federal Statistical Office, Belgrade

Certain changes were also recorded in the consumption pattern. The largest share continued to be heating oil, with 36.9 percent, but that was markedly less than in 1980, when mazut accounted for 42.4 percent of consumption. That share still remains above the capacity of Yugoslav refineries, which last year amounted to about 32 percent. The difference is covered by imports, which amounted to about 824,000 tons (Table 2).

The share of liquid gas stayed at about 30 percent, and that of gasoline at about 15 percent. In discussing gasoline, it should be noted that the share of regular gas continues to decline, amounting in 1981 to just 24 percent. Obviously the Yugoslav market is demanding higher octane gasoline, and Yugoslav refineries are lagging in their production to fill that demand.

The share of other products in the total remained unchanged.

In total consumption of petroleum derivatives, energy uses accounted for 12,625,000 tons on the Yugoslav market. Non-energy uses amounted to 1,905,000 tons, or 13 percent of total consumption, compared to 10 percent the preceding year.

Consumption of natural gas in Yugoslavia was limited to domestic production, which in 1981 totaled 2,230 million cubic meters, and imports of 2,102 million cubic meters. Thus total consumption was 4,299 million cubic meters, or 25 percent higher than in 1980.

Table 3. Domestic Production and Imports of Natural Gas Into Yugoslavia
(million cubic meters)

	1980.	1981.	(1) Index 81/80
Proizvodnja (2)	1.859	2.230	121
Uvoz (3)	1.607	2.102	131
Ukupno (potrošnja) (4)	3.466	4.332	125

Key: 1. Index
2. Production

3. Imports
4. Total (consumption)

Table 4. Nominal and Real Prices for Petroleum Products in Yugoslavia, 1973-1981

Prodajne cijene (a)	Prosječne nominalne cijene za (b) dinara/kilogram					Prosječne realne cijene za (c) dinara/kilogram*				
	1973.	1980.	1981.	Index 81/80	Index 81/73	1973.	1980.	1981.	Index 81/80	Index 81/73
1. Motorni benzini	4,30	23,84	34,94	147	812	19,31	30,75	43,94	113	181
2. Dizel goriva	2,01	16,04	23,52	147	1.170	9,02	20,69	23,52	114	260
3. Lož ulje ekstra lako	1,67	9,93	15,53	156	928	7,50	12,81	15,53	121	207
4. Lož ulje teško	0,69	4,62	8,03	174	1.164	3,09	5,96	8,03	135	260

* NAPOMENA: Realne cijene izračunate na bazi 1981. = 100 prema kretanju cijena (Index 3/1982 SZS Beograd)

Indeksi cijena na malo 1981/1980. g. = 129

1981/1973. g. = 449

Key: a. Retail prices

b. Average nominal prices: dinar/kg

c. Average real prices, dinar/kg*

1. Gasolines

2. Diesel fuels

3. Extra-light heating oil

4. Heavy heating oil

*Note: Real prices are figures on the basis of 1981 = 100, according to fluctuations in prices as recorded in Index 3, 1982 Federal Statistical Office, Belgrade. The index of retail prices 1981/1980 = 129; for 1981/1973 = 449.

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